

The science of shrinking the world to expand your business



Geography simplified

Allcargo Global Logistics Limited

Annual Report 2005-06





The science of logistics accessible to all around resulted in shrinking the world of business. Transforming itself from a facilitator to an integrated service provider in logistics, Allcargo has come a long way and has set a benchmark in every area of its functions.

In our first year of existence as a listed entity, we owe a word of gratitude to all our stakeholders, investors and all those associated with Allcargo and a commitment to continue its march towards a prosperous future.





CONTENTS

16 OUR BUSINESS

4 Six Laws of Simplifying Geography



10 MILESTONES

11 FINANCIAL HIGHLIGHTS

12 OUR BOARD OF DIRECTORS

20 CHAIRMAN'S STATEMENT

22 DIRECTORS' REPORT

30 MANAGEMENT DISCUSSION AND ANALYSIS

34 REPORT ON CORPORATE GOVERNANCE

FINANCIAL SECTION

49 AUDITORS' REPORT

52 BALANCE SHEET

53 PROFIT & LOSS ACCOUNT

54 CASH FLOW STATEMENT

55 SCHEDULES TO THE ACCOUNTS

69 SECTION 212 REPORT

SUBSIDIARIES

70 CONTECH TRANSPORT

SERVICES PRIVATE LIMITED

83 ALLCARGO BELGIUM NV

85 CONSOLIDATED REPORT

THE ONE STOP LAW

MEET ALL OUR CLIENTS' REQUIREMENTS UNDER ONE ROOF

Our services cover the complete spectrum:

Multimodal transport operations, port related logistics support services, and handling of project cargo. Hence, we can keep things simple for the client.

Our services can be broadly classified into:

A. MULTIMODAL TRANSPORT OPERATIONS

We offer end-to-end freight services for export and import cargo, utilizing multiple modes of transport like sea, road and rail. We also started providing airfreight forwarding services to our customers in 2003.

At present, we are the leading Less Than Container Load (LCL) consolidators in the country and also have substantial Full Container Load (FCL) volumes.

We consolidated Multi-City Consolidation (MCC), involving movement of cargo from hinterland locations to a CFS at gateway ports for exports and vice versa for imports.

B. CONTAINER FREIGHT STATION

We provide port – related logistics support services, through our CFS, Transindia Logistics Park. It is among the few to have requisite permission from customs authorities for inter-CFS movement of cargo in the vicinity of JNPT, India's largest container port. This enables us to move cargo from any CFS to our CFS without any delay in the shipment.

The range of services that we provide at our CFS include storage, handling, stuffing, consolidation of cargo and also value added services like sorting, bar coding, shrink-wrapping and palletization.

C. PROJECT CARGO

It is a specialized activity requiring detailed planning and technical expertise. We design and execute customized solutions to meet specific customer requirements for the transport of high value specialized equipment like oil field equipment, power plants and compressor solutions.

The projects are executed on turnkey basis. The scope of work involves packaging and ocean and land transportation of the cargo at the factory anywhere in the world to its delivery at the project site, custom clearance and project registration, route survey, documentation, obtaining NOC and other permissions from Government departments.





TRANSPORT ANY SIZE OR KIND OF CARGO ACROSS THE WORLD

Allcargo is equipped with the necessary resources and expertise to transport virtually any size or kind of cargo across the world. For us, the size does not matter: No consignment is too big or too small.

We also provide logistics solutions for project cargo comprising over-dimensional cargo (ODC) and over-weight cargo (OWC): Oil field equipment, power plants, compressor stations. We prepare detailed and intricate plans and draw on our technical expertise to successfully execute the transportation of such equipment.

We have the expertise to handle hazardous cargo. Since it is highly regulated, approvals from carriers, destination ports and trans-shipment ports and strict adherence to international safety standards are absolutely essential. We have specially trained supervisory and monitoring staff and follow strict procedures to ensure maximum safety.



THE FOOTPRINT LAW

HAVE A GLOBAL FOOTPRINT

We have a nationwide presence and an extensive international network that covers over 4000 destinations worldwide. Our extensive international network enhances our service capabilities, enabling us to offer premium quality services to all our customers across the globe.

To strengthen our international operations and establish a foothold in the warehousing business, we have acquired Antwerp-based ECU Hold N.V., one of the leading global NVOCC players, with whom we have been associated for the last 10 years. ECU Hold N.V. has 120 offices in 56 countries and franchisees and agents at 203 locations in 120 countries.

We have a pan-Indian presence: 16 branches and 9 franchisees. Plus regional offices in Mumbai, Delhi, Chennai and Kolkata. Thanks to our national network, we are able to meet the requirements of customers based at gateway ports like Mumbai, Chennai, Cochin and Kolkata as well as dry ports in the hinterland.



ADOPT THE BEST INDUSTRY PRACTICES

We have adopted the best industry practices across all areas of operations, from technology to HR policies. We also partner with the best companies around the world, thus fostering a free exchange of best practices.

Our people are our most important assets. We constantly endeavor to build a top-class team. Our management team has rich industry experience. We also conduct continuous training programmes to enhance our employees' knowledge base and skill levels.

We maintain 'neutrality' with our customers – CHAs and Freight Forwarders who hand over cargo to us on behalf of their exporters. We have earned their confidence by ensuring that their client contacts are not compromised.

ECU Line N.V., our global partner, is a transnational organization with tried and tested systems and quality procedures that ensure the highest standards of cargo handling across the entire network. We are also able to achieve synergy in our operations and operate on global stage.

Shipping lines that transport cargo are crucial to our business. We have an excellent relationship with most leading carriers and liners because of which we are able to negotiate favorable commercial terms and obtain operational advantages.

We received the ISO 9001 : 2000 Quality Management System certification from Det Norske Veritas (DNV) in July 2004 for our services.

Our IT system provides support to our business at all stages: Sales, planning, operations and documentation, accounts and customer service. It helps us enforce procedures, maintain an error-free workflow process and offer near real time tracking of shipments.

Our system provides customers access to detailed Tracking and Tracing of shipments either through our website or our Interactive Voice Response System (IVRS).

Our CFS has implemented CFS Management System, a software that automates various activities carried out at the CFS and integrates the processes related to imports, exports and auction including the accounting module.



THE EFFICIENCY LAW

MAXIMISE OPERATIONAL EFFICIENCY

Operational efficiency is the key to our phenomenal success. We strive relentlessly to move goods from origin to destination, cost-effectively and on the dot.

The large number of direct locations covered by us, our close relationship with reputed carriers and scale of operations lets us offer direct services to major destinations and hub ports. These direct shipments ensure lower transit time, avoid multiple cargo handling and result in cost-effective operations.

Our CFS acts as a consolidation point for long distance cargo and its unitization. We use advanced security systems and CCTV. As a result, the threat of theft and pilferage is negligible. We also own the critical equipment required for the functioning of the CFS, which ensures round-the-clock operations. The CFS also facilitates customs clearance at gateway ports.



DISCOVER NEW WAYS TO MAKE A DIFFERENCE

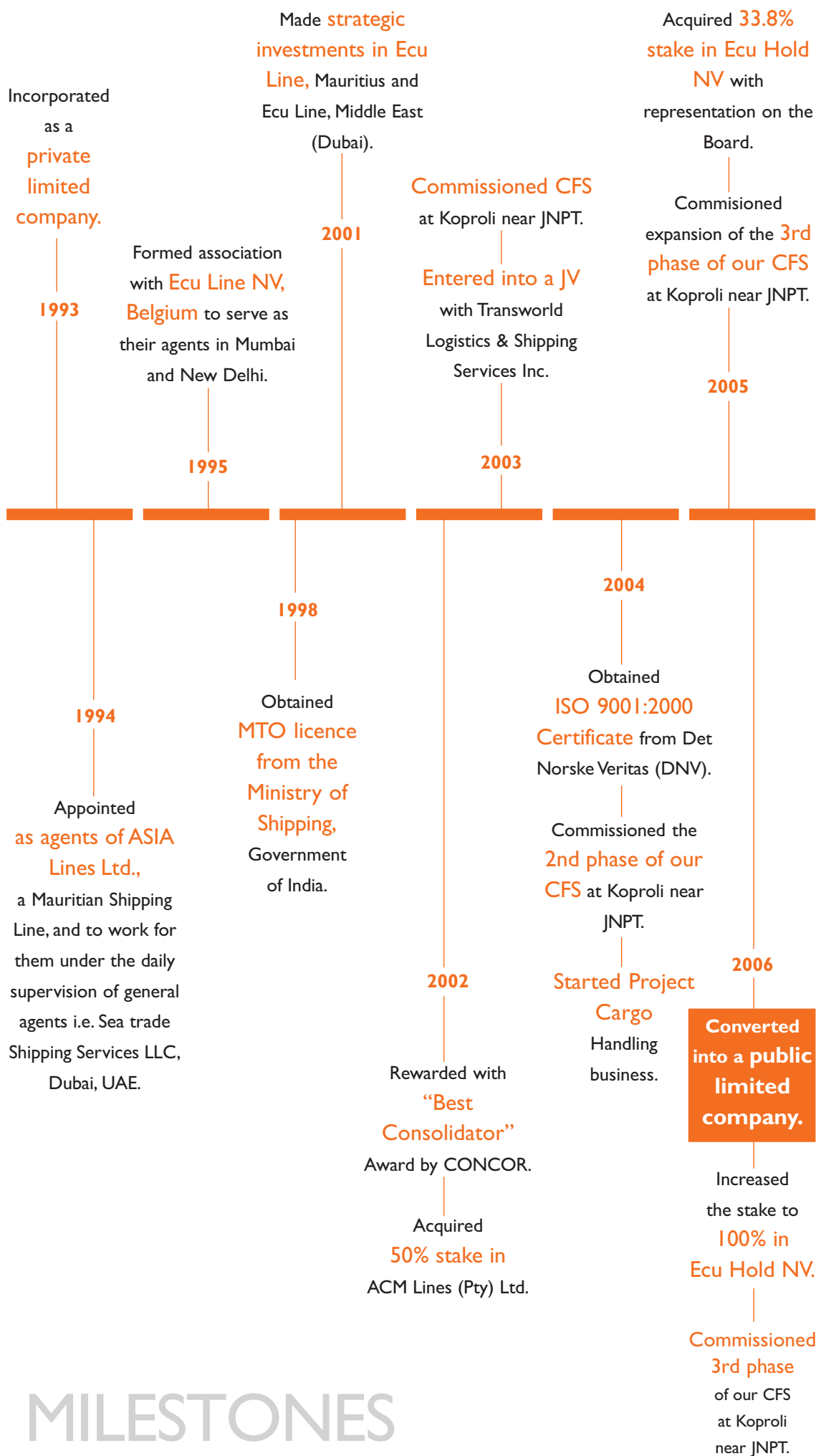
Our pioneering efforts in modernization, international outlook and legal compliance have helped us earn the respect of industry peers, clients, employees and government agencies.

We are amongst the early entrants in the consolidated business in India.

We envisaged a CFS facility that could serve as a place for evacuation, unitization, stuffing, de-stuffing and regulatory clearances, while ensuring the safety and security of the cargo.

In keeping with global industry trends, we resolved to achieve organic growth through related diversification in logistics space and inorganic growth through strategic acquisitions. Our acquisition of strategic stake in ECU Hold N.V. was a result of this approach.





FINANCIAL HIGHLIGHTS

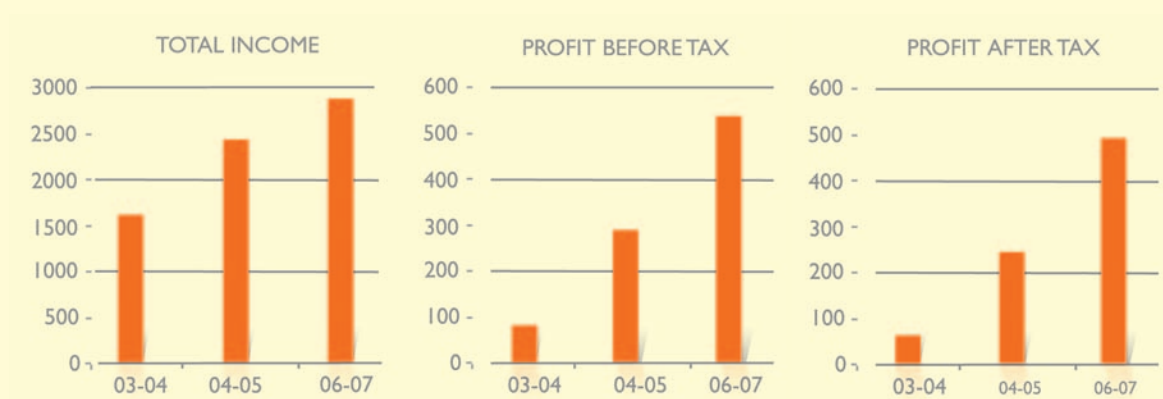
11

ALLCARGO GLOBAL LOGISTICS LIMITED

	Rs. in Million		
	2005-06	2004-05	2003-04
Total Income	2748.65	2321.04	1494.98
Profit before interest, depreciation & taxes	626.73	374.58	140.96
Interest	(23.17)	(7.67)	(10.80)
Depreciation	(62.30)	(78.39)	(52.10)
Profit before tax	541.26	288.52	78.06
Provision for tax	(46.94)	(39.32)	(19.17)
Profit after tax	494.32	249.20	58.89
Profit brought forward from previous year	195.77	58.29	49.40
Tax adjustment for earlier year	(8.10)	(0.42)	—
Amount available for appropriations	681.99	307.07	108.29

Appropriations:

Interim dividend paid	72.71	10.00	—
Tax on interim dividend	10.19	1.31	—
Proposed final dividend	30.38	—	—
Tax on final dividend	4.26	—	—
Transfer to general reserve	300.00	100.00	50.00
Balance carried to balance sheet	264.45	195.76	58.29



OUR BOARD OF DIRECTORS



Mr. Shashi Kiran Shetty
Chairman & Managing Director



Mrs. Arathi Shetty
Executive Director



Mr. Adarsh Hegde
Executive Director
Appointed w.e.f. August 21, 2006



Mr. Kaiwan Kalyaniwalla
Non-executive Independent Director



Mr. Keki Elavia
Non-executive Independent Director
Appointed w.e.f. January 14, 2006



Mr. Satish Gupta
Non-executive Independent Director
Appointed w.e.f. January 14, 2006



Mr. Rajiv Sahney
Non-executive Independent Director
Appointed w.e.f. August 21, 2006

Mr. M. P. Bansal, *Non-executive Independent Director*
Mr. Mark Rubin, *Nominee Director*

Resigned w.e.f. August 18, 2005
Resigned w.e.f. August 18, 2006

SENIOR MANAGEMENT TEAM

Mr. Ashit Desai, *Chief Operating Officer*
Mr. G. P. Sinha, *Chief Executive Officer – Infrastructure. Appointed w.e.f. April 17, 2006*
Mr. Jatin Chokshi, *Chief Financial Officer*
Mr. Pramod Kokate, *Vice President – CFS*

COMPANY SECRETARY

Mr. Yogesh Kolwalkar

BANKERS

HDFC Bank Limited
YES Bank Limited
ABN Amro Bank NV
Centurion Bank of Punjab Limited

STATUTORY AUDITORS

M/s. Appan & Lokhandwala Associates
Chartered Accountants
401/402, Shiv-Ashish,
19th Road, Chembur,
Mumbai – 400 071

INTERNAL AUDITORS

Pipalia Singhal & Associates
Chartered Accountants,
4/42, Malad Co-op. Society Ltd.,
11th Floor, Podar Park,
Malad (East),
Mumbai – 400 097

SOLICITORS

Maneksha & Sethna
Advocate, Solicitor & Notary
8, Ambalal Doshi Marg,
Hamam Street, Fort,
Mumbai – 400 023

REGISTRARS AND SHARE TRANSFER AGENTS

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078
Tel: No: 022 - 25963838
Fax No: 022 - 25946969
E-mail: isrl@intimespectrum.com

REGISTERED OFFICE

Diamond Square,
5th Floor, C.S.T. Road,
Kalina, Santacruz (East),
Mumbai - 400 098
Tel: 022 - 6679 8100
Fax : 022 - 6679 8195
Website: www.allcargoglobal.com



Logistics is the total process of moving goods from the origin to the destination in the most timely and cost-efficient manner possible. The concept of logistics covers all activities relating to the procurement, transport, transshipment and storage of goods. Internationally as well as in India, logistics forms the backbone around which trade is conducted.

The size of the logistics industry in India constitutes almost 12% of the country's GDP. From \$13,460 million in 2003 revenues for the logistics industry are estimated to grow to around \$19,540 million by 2009 riding on the back of a strong economic growth in combination with increasing international trade. Third Party Logistics Providers (3PL) are service providers that manage all or a significant part of the logistics requirements of manufacturers and traders performing tasks which include transportation, location and product consolidation activities on an outsourced basis. The 3PL market in India stood at \$250 million and is forecasted to grow at a compounded annual growth rate of 20% over the next four years between 2004-09 to \$970 million.

Globally, container traffic is likely to show an exponential growth, given the pace of growth in international trade. If the past is any indicator of the future, numbers speak volumes of the time to come. For instance during 2004, 183 container ships with a capacity of 0.67 million TEU were added to the fleet which signifies a growth of 11.6% with order books of container vessels standing at 903 ships with 3.6 million TEU as on January 1st 2005.

India is not too far behind in this entire scene. Growth in containerization has been commendable in India too. Indian trade has shown a steady growth of 15% during the last five years. The National Maritime Program envisages traffic at all ports to grow at a CAGR of 7.69% between 2003-04 and 2013-14 while it estimates container traffic to growth at 18.31% during the same period.

This development in overall containerization has been one of the key elements of growth for Multimodal Transport Operations and Container Freight Stations.

Multimodal Transport Operations

Multimodal Transport Operations is that chain which interconnects different links or modes of transport like air, sea and land into one complete process that ensures an efficient and cost-effective door-to-door movement of

goods under the responsibility of a single transport operator, more commonly known as a Multimodal Transport Operator (MTO) on one transport document.

Any cargo that needs to be shipped by an exporter may either be enough to fill an entire container or less than a full container load. An MTO offers either a full container load service to exporter whose requirement is to transport sufficient amount of cargo to fill an entire container as well as a less than container load wherein many small shipments by various companies and traders are consolidated into a full container load for each destination and shipped accordingly.

Key players in these segments are shipping lines, domestic freight forwarders, international freight forwards and custom house agents.

Container Freight Stations

Container Freight Stations (CFS) and Inland Container Depots (ICD) are facilities setup for handling of in-transit containers, examination and assessment of cargo by regulatory agencies like customs in relation to the export import trade of the country. A very critical element of the logistics industry, CFS and ICDs play a very important role in the movement of containerized cargo. An ICD is located in the hinterland, away from the gateway ports of the country whereas a CFS is an off dock facility located near ports to facilitate decongestion at the ports.

Both, the CFS and the MTOs are a critical link in the logistics chain of international trade and are directly influenced by three key factors:

- India's External Trade
- Infrastructure
- Government Policies and Initiatives

India's External Trade

The Economic Survey for 2005-06 amply reflects the upswing in the Indian economy with a 7.50% growth rate and is projected to grow at 8.10% for FY 06. Imports were up 39.70% in FY 05 and 26.70% between April 2005 and January 2006. The government has fixed an ambitious target of US\$1,50,000 million for exports by the end of FY 09, which is likely to double India's share in world exports to 1.5%.

Encouraged by the robust growth in exports, the commerce ministry had upped the export target for FY 05 to around \$ 92,000 million. India's export earning in FY 05 touched \$ 80,000 million, up 24% over the year ago period while the value of imports

touched \$ 1,05,000 million, up 34% over the corresponding period.

Port Infrastructure

India has a natural peninsular coastline of around 6,000 km. There are 12 major ports and 185 minor ports in the country. The 12 major ports include the ones at Chennai, Cochin, Ennore, JNPT, Kandla, Kolkata, Mormugao, Mumbai, New Mangalore, Paradip, Tuticorin and Visakhapatnam handling about 75 per cent of the container traffic. About 80% of the port traffic handled by the Indian ports is in the form of dry and liquid bulk while the remaining 20 per cent



consists of general cargo including containers. Container traffic has been growing at an impressive rate of 14.20 per cent during the last five years till FY 05. While this may seem to impressive, there is still a considerable lag when compared with the larger international ports. The annual aggregate cargo handling capacity of major ports increased from 389.50 million tones p.a. in FY 04 to 397.50 million tones p.a. in FY 05.

Government Policies & Initiatives

The Department of shipping has drafted the National Maritime Development Program to complement the National Maritime Policy by identifying specific schemes to give a concrete shape to the vision laid down in the policy document in a 10 years time horizon. The port infrastructure is extremely short of handling the rapidly escalating international trade in the country.

OTHERS

Air Freight Forwarding

Air transport is mainly used for high value items and perishable goods for enhancing the safety and cutting down the delivery time. Around 10% of India's external trade in volume terms is by air. Air cargo traffic in the country has gone up from 7.97 lakh tones in 1999-2000 to 8.4 lakh tones in 2001-02. The same has been rising at a steady pace touching 10.6 lakh tones in 2003-04 and 12.8 lakh tones in 2004-05.

Project Cargo

Handling project cargo involves transportation of equipments and products on a turnkey basis. Every contract under this segment is a unique one and the logistics requirements are tailor made to suit the specific needs of the contract depending on the nature, size and value of items to be shipped. It involves detailed and intricate planning and needs technical expertise to successfully execute the transportation of such cargo. With India's engineering expertise and many international companies sourcing technology from India, project cargo exports are likely to pick up to a large extent. Add to this the large investment in infrastructure projects in India and the segment of logistics pertaining to project cargo handling looks poised for a giant leap forward.



Our Business

Established in 1993, Allcargo has emerged as a leading Logistics service provider today. In just 13 years of its existence the Company has entrenched itself well, not only on the Indian logistics scene, but also at a global level achieving a global footprint through the acquisition of the Belgium based ECU Hold NV. Allcargo has always been the leading LCL (Less than a Container Load) consolidator in India offering direct outbound and inbound LCL groupage services to and from major cargo destinations worldwide.

Allcargo's success stems from its commitment towards providing world class logistic services to international business. At Allcargo, the customer remains the focal point in the formulation of services that can be provided. This emphasis has led to a constant innovation in the services that we provide which in turn have enhanced our performance standards. We have added a host of services to our existing portfolio and are emerging as an integrated logistics player in the country.

Allcargo's present operations are in three key areas of the logistics business:

- Multi-modal Transport Operations
- Container Freight Stations
- Project Cargo Handling

Multi-modal Transport Operations:

As a registered Multi-modal Transport Operator, Allcargo offers a variety of containerized shipping services to its customers such as Less than Container Load (LCL) Consolidation and Full Container Load (FCL) freight forwarding for both export and import cargo as well as air freight services as a certified IATA agent.

LCL Consolidation

Large as well as small exporters and importers often have cargo that is not enough to fill an entire container. To meet the requirement of shipping such LCL cargo, Allcargo offers Less than Container Load Consolidation services. Allcargo pioneered this service in India and maintains its leadership position in this business. With an extensive branch and franchisee network in India as well as a strong agent network internationally through ECU HOLD NV, Allcargo is able to deliver and receive cargo to and from over 4000 locations across the world. Our strong focus on offering direct services to a large number of locations, the Company has provided our customers with the advantages of reduced transit time, reduced handling of cargo and higher cost efficiencies.

Allcargo has also pioneered Multi City Consolidation in India. Multi city consolidation involves movement of cargo under a bond from inland locations particularly (ICD's) to gateway ports for export cargo and vice-versa for import cargo. Allcargo with its expertise in the business is capable of handling the entire chain in the process right from collecting the cargo from the shipper's doorstep, aggregating LCL cargo, transportation under bond, re-working at cargo hubs and arranging carriage to final destinations. As for importers, the Company caters to the delivery needs of its clients at various ICD locations through Multi - City Consolidation.

FCL Forwarding

In addition to LCL consolidation, Allcargo also offers FCL (Full Container Load) forwarding services to its customers. With our leadership position in LCL consolidation and the large volumes of containerized cargo handled, we are also able to offer cost effective FCL forwarding solutions to our customers. Value added services such as ex-works pick-up and door delivery at destination, duty paid deliveries in various countries and a strong IT systems based information tracking has led to Allcargo's growing presence in this segment of the logistics business.

AIR FREIGHT LOGISTIC SERVICES

Ever since its inception, Allcargo has been a committed player providing services to facilitate



international and domestic trade. In a bid to further consolidate its position as an integrated service provider, the Company has also diversified into the dynamic world of air freight business. With air freight being an important element of supply chain management, Allcargo has not been too far behind in entering this fast growth sub-segment of the logistics industry. With an experience of nearly two decades in the freight market the company has developed capabilities of delivering sound services while simultaneously keeping customer costs on the lower

side. ECU Line, the company acquired by Allcargo has a rapidly growing air freight business under the brand name ECU AIR and a global network of agents that facilitates the handling of in bound and out bound Air Cargo. Allcargo acquired the IATA registration in March 2006 enabling the Company to issue it's own Airway Bill paving the way for rapid growth in this segment of the MTO business as well.

Container Freight Stations (CFS):

Container Freight Stations are an extension of the port enabling the customs clearance of export and import cargo and the warehousing of cargo without congesting the ports. Though its entry into this segment has been quite recent, Allcargo has made rapid inroads graduating from the operation of just one CFS which commenced in 2003 to implementing two more Container Freight Stations at the ports of Chennai and Mundra. Its first CFS, the Transindia Logistic Park Container Freight Station located 18 KM from the Jawaharlal Nehru Port Trust is a state-of-the-art, ISO certified CFS. Spread over almost 23 acres of land it is fully equipped with a paved yard, warehouse area, reefer plugging point and a parking area for trucks. Having commenced with just 10 acres of land the Transindia Logistic Park has grown to 23 acres in just three years of its operations handling a storage capacity of 4000 TEUs. It can handle more than 10,000 TEUs per month on a continuous basis.

The two new projects under implementation will add another 104,000 TEU's per annum capacity in the first phase of development. The Chennai CFS is one of the closest to the Chennai Container Terminal and is spread over a 16 acre area and the first phase is planned to be commissioned by February 2007. The Mundra CFS spread over a 16 acre area will also be commissioned by January 2007. Land for the third project for an Inland Container Depot is under acquisition and when commissioned by end 2007 will add another 52,000 TEU capacity in its first phase of development.



Project Cargo Handling:

Allcargo started the business of handling Project Cargo 2 years ago and has successfully executed complex project cargo handling assignments on both the export and import side. The Company managed the movement of cargo for an entire power plant to be set up in Libya. The logistics for this project involved the collection of cargo from 72 locations in India and shipping the cargo through specially chartered ships from the ports of Kandla, Mumbai and Chennai. Recently, Allcargo shipped a 565 ton single piece compressor module for a customer from Houston in Texas to the Panna Gas fields off the



Mumbai coast. With such successful projects under its belt, Allcargo is now poised to handle project cargo movements for the large number of infrastructure projects being set up in India and has built a dedicated team of experienced professionals to manage them.

The ECU Hold NV Acquisition:

Allcargo has been working with ECU Line NV as their corresponding agents in the MTO business since 1995. In June 2005, Allcargo acquired a 33.8% stake in ECU Hold NV, the holding company of ECU Line world wide and raised the stake to 49.99% in January 2006. ECU Line is one of the world's leading LCL consolidators with 120 offices in 65 countries and an agent network of 203 agents in 120 countries. ECU Line is a well respected brand name in most parts of the world with a leadership position in Europe, Latin America and Africa and offices in the Middle East and Far East. ECU Line also owns Container Freight Stations in Antwerp and Dubai and operates CFS's in Brazil, Morocco, France and Singapore.

In June 2006, Allcargo raised it's stake in ECU Hold NV making ECU a 100% subsidiary of Allcargo. With this acquisition, Allcargo is now the world's leading LCL consolidator with offices in all continents of the world, acquiring a truly Global Footprint and living up to it's tag line: ***Geography Simplified.***





CHAIRMAN'S STATEMENT

Dear Stakeholders,

It is indeed a matter of great pride for me to be presenting to you the first annual report of your company as a listed entity. Allcargo today has an extended family in its stakeholders who have reposed immense faith and trust in the company's ability to scale new heights and thereby set benchmarks in an industry which is at the core of all economic activity. It is an essential and inherent nature of human kind to look back at things in perspective while analyzing the past. As I sit to pen down my thoughts on our journey so far, I am struck with the anxiety of a young and energetic person, graduating onto a more mature world, fraught with challenges of performance and growth. This I say, as it is no hidden fact that in its short existence of just 13 years, Allcargo has achieved a stated name in the logistics industry not only in India but also globally.

Evidence of our global presence and ability to scale up beyond the obvious can be gauged from the fact that we have been the first among homegrown logistics companies in India to have acquired additional scale through the buyout of ECU Hold NV. Allcargo Global Logistics Limited (AGLL) is now moving towards achieving an integrated scale of operations with a strong foothold in the Indian market and a connected presence through

ECU worldwide. Logistics is about precision, combined with the commitment and a will to beat the challenges of time. Your company has been striving hard towards achieving excellence on all these fronts and I am happy to say that its performance is fairly aligned with our objective in this matter.

Allcargo was born just after the Indian economy was liberalized in 1993. From a regulated raj to being a global economic force, the transformation of the Indian economy has been a remarkable story of grit and determination over the last 20 odd years, thanks to the superb contribution of the various industrial segments. Your company too has kept pace with these changing times transforming itself from being a mere facilitator to an integrated service provider in the logistics industry, and we are proud to have been a critical element in India's progressive march.

What really drives our zeal in setting higher and higher standards for ourselves while functioning in a globalised and competitive environment, is our self driven commitment in enhancing the value of our stakeholders interest in their company. Value, I believe is a very subjective term. However for those closely associated with Allcargo, whether its owners or its management or its employees or for that matter even its suppliers and customers, it is not just the compounded annual growth rate at which business grows, but a complete sense of belonging which drives the definition of value and keeps them associated with us. It is this confidence and sense of belonging that acts as a perennial source of inspiration for the Allcargo team to achieve unprecedented heights in every area of its functioning.

We are in our first year of existence as a listed entity. Your management is fully aware of its duties and responsibilities as a company in the public domain, which is now open to public scrutiny and calls for much more beyond profits and losses and I take this opportunity to reach out to my fellow owners and express my commitment towards value enhancement for them. In a matter of just 13 short years Allcargo has achieved a scale unmatched among logistics companies of Indian origin in its various operational segments. With 19 branch offices, 11 franchisees and a CFS, Allcargo has grown to be a Rs. 275 crore company with profits of nearly Rs. 50 crore in this short period of its existence. This is evidence enough of how capable your company is in marching towards a prosperous future. We have entered the capital market at a time when it is driven more by euphoria. It is therefore an increased responsibility of your management to match the expectations of market players with its own performance in order to keep shareholder value on a consistent growth path.

Going forward it is my vision for your company to achieve market leadership in consolidation and logistics through empowerment of people and with the objective to enhance stakeholder value. Though this may apparently seem to be promising more than being capable of delivering I am confident of the capabilities of my workforce and expect the support of my co-owners in help us achieve these high.

With warm regards,

Place : Mumbai
Date : August 21, 2006

Shashi Kiran Shetty
Chairman & Managing Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their Thirteenth Annual Report on the business and operations of the Company together with Audited Accounts for the year ended March 31, 2006.

FINANCIAL RESULTS

The standalone audited financial results for the year ended March 31, 2006, are as follows:

Particulars	Rs. in Million	
	This Year	Previous Year
Sales & other income	2748.65	2321.04
Profit before interest, depreciation and taxes	626.73	374.58
Interest	(23.17)	(7.67)
Depreciation	(62.30)	(78.39)
Profit before exceptional items and taxation	541.26	288.52
Provision for contingencies	—	—
Provision for tax	(46.94)	(39.32)
Profit after tax	494.32	249.20
Tax Adjustment for earlier years/Prior Period Expenses	(8.10)	(0.42)
Profit brought forward from previous year	195.76	58.29
Dividend	(103.08)	(10.00)
Tax on dividend	(14.46)	(1.31)
Transfer to General Reserve	(300.00)	(100.00)
Profit carried to balance sheet	264.44	195.76

APPROPRIATIONS**Dividend**

An Interim dividend of Rs.4/- per equity share (40% on par value of Rs.10/-) absorbing a sum of Rs.72.71 million was paid in March 2006.

Your Directors recommend a final dividend of Rs.1.50 per equity share absorbing a sum of Rs.30.38 million for the financial year 2005-06, subject to the approval of the shareholders at the ensuing Annual General Meeting. The total dividend payout ratio for the year 2005-06 is 21.04% (previous year 3.35%).

Transfer to Reserves

An amount of Rs.300.00 million is proposed to be transferred to general reserve.

INITIAL PUBLIC OFFER

Your Company successfully concluded its Initial Public Offering of the equity shares in June 2006. The issue was over subscribed by 7.64 times and the equity shares of the Company have been listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited on June 23, 2006.

The Initial Public Offering of equity shares of Rs. 10/- per share for cash at a premium of Rs. 665/- per share aggregating to Rs. 1,403.33 million consisted of a fresh issue of 20,79,000 equity shares constituting 10.26% of the fully diluted post issue paid up capital of the Company.

BUSINESS OVERVIEW

India is on the growth path in containerization which is evident from the fact that Indian trade is reflecting a steady growth at the rate of 15% in the past five years. Your Company is a logistics service provider involved in Multimodal Transport Operations (MTO), owning and operating Container Freight Station (CFS) and handling of project cargo.

The Company started MTO business in 1998 and has since then obtained expertise in this field. As a MTO, the Company offers end-to-end freight services for export and import cargo utilizing multiple modes of transport such as sea, road, rail and air. Your Company is one of the leading consolidators for Less Than Container Load (LCL) and also handles substantial volumes of Full Container Load (FCL) cargo. The Company

also undertakes Multi City Consolidation (MCC) involving movement of cargo from hinterland locations to CFS at gateway ports for exports and vice versa for imports to facilitate consolidation which enables in achieving faster turn around of cargo.

To strengthen its position at important international destinations, your Company has recently acquired a 100% stake in the Belgium based ECU Hold NV, the holding company of ECU Line NV, which is one of the leading global Non Vessel Owning Common Carrier (NVOCC) player, with whom the Company has been associated for the last ten years. This has given your Company the ability to serve its customers' logistics needs across the globe.

The Company also has a joint venture with the Transworld Group in New Jersey, USA to cater to the US markets.

Your Company is also engaged in handling of project cargo, which is a specialized activity requiring detailed planning and technical expertise. The comprehensive project handling service includes designing and execution of customized solutions tailored to meet specific customer requirements for the transport of high value specialized equipments such as oil field equipments, power plants and other such projects from one location to another using multiple modes of transport. These assignments are generally handled on a turnkey contract basis.

We also provide port related logistic support services, through our Container Freight Station (CFS) Transindia Logistic Park (TLP) located at a distance of about 18 kms from the JNPT, India's largest container port handling more than half of total container traffic of the country. After completion of third phase of expansion recently, our CFS facility has a capacity to handle 1,20,000 TEUs per annum and is equipped with high quality equipments, an advanced fire fighting system, comprehensive generator back-up, and CCTV and VHF for round the clock security of cargo.

During the year under review, the gross revenue is Rs.2,748.65 million and profit after tax is Rs.494.32 million, registering a growth of 18.42 % and 98.36%, respectively over the previous year 2004-05.

CAPITAL EXPENDITURE

Looking to the growth prospects, business opportunities and your Company's expertise, two more CFSs and an Inland Container Depot (ICD) are being set up. CFSs are being set up in Chennai and Mundra and ICD at Delhi. CFSs at Chennai and Mundra are currently under construction and first phase of both these CFSs are expected to be operational by January 2007.

ACQUISITIONS

The Directors are glad to inform that till March 31, 2006, your Company had acquired 49.99% equity shares in ECU Hold NV, a Belgium based company which owns ECU Line NV. ECU Line NV is the second largest NVOCC player in the world.

In June 2006, your Company acquired the balance 50.01% equity shares of ECU Hold NV, Belgium making your Company 100% owner of ECU Hold NV, Belgium.

Your Company has been associated with ECU for the last 10 years and has witnessed the growth of ECU across continents. The aforesaid acquisition would enhance our business prospects and strengthen our position as a global NVOCC major.

SUBSIDIARY COMPANIES

Subsidiary in India

Contech Transport Services Pvt. Ltd. (CTSPL) was incorporated on December 23, 1993 to carry on the business of international freight forwarding, clearing and shipping agents, multimodal transport operator and owning of various transport equipments.

CTSPL is engaged into Carrier Owned Container (COC) business. CTSPL carries on business of transporting containerized cargo by sea through its leased containers.

Foreign subsidiaries

Your Company has incorporated a wholly owned subsidiary, Allcargo Belgium NV, in Belgium, in March, 2006. Allcargo Belgium NV is an investment company through which the Company acquired the balance equity stake of 51.01% in ECU Hold NV.

HUMAN CAPITAL

To enhance the productivity of employees as well as to make their workplace enjoyable, your Company believes in continuous development of its human resources. Your Company has taken various measures like conducting inhouse and external extensive training programmes, organizing and sponsoring seminars and trade meets, introducing various welfare measures and recreational activities.

Your Company has appraisal system in place whereby the star performers have been recognized and rewarded suitably. The Company also gives "Long Service Award" to the eligible employees in recognition of their loyalty.

Your Company places on record appreciation for the employees of the Company for their unstinted support and valuable contribution.

Your Company has started inducting management trainees from reputed business schools in the country to ensure better customer service. The manpower strength of your Company as on March 31, 2006 was 347 employees.

QUALITY, HEALTH & SAFETY

Your Company has taken various initiatives like regular executive health check-ups, Group Personal Accident Policy, Group Medi-claim Policy for certain class of employees.

Your Company has been conducting in-house seminars and workshops by inviting well known experts in the respective fields, on the matters relating to health and safety measures. Proper training is being imparted at CFS of the Company at JNPT for efficient and diligent handling of hazardous and heavy cargo. Your Company also conducts periodic exercises to test the effectiveness of Fire Fighting System and equipment.

DEPOSITS

During the year, the Company has not accepted any deposits within the meaning of the provisions of Section 58A of the Companies Act, 1956.

DIRECTORS

Mr. M. P. Bansal ceased to be a Director of the Company with effect from August 18, 2005. The Board expresses its appreciation for the valuable and expert services rendered by him during his stint with the Company as a Director.

Mr. Keki Elavia, who was appointed as an Additional Director of the Company with effect from January 14, 2006, holds office upto the ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and being eligible offers himself for appointment as a Director of the Company.

Mr. Satish Gupta, who was appointed as an Additional Director of the Company with effect from January 14, 2006, holds office upto the ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and being eligible offers himself for appointment as a Director of the Company.

Mr. Mark Rubin ceased to be a Director of the Company with effect from August 18, 2006. The Board expresses its deep appreciation for the valuable and expert services rendered by him during his tenure with the Company as a Director.

Mr. Adarsh Hegde, who was appointed as an Additional Director in whole-time employment of the Company with effect from August 21, 2006, holds office upto the ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and being eligible offers himself for appointment as a Director of the Company.

Mr. Rajiv Sahney, who was appointed as an Additional Director of the Company with effect from August 21, 2006, holds office upto the ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and being eligible offers himself for appointment as a Director of the Company.

Mrs. Arathi Shetty and Mr. Kaiwan Kalyaniwalla, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The brief resume of Mrs. Arathi Shetty, Mr. Kaiwan Kalyaniwalla, Mr. Keki Elavia, Mr. Satish Gupta, Mr. Adarsh Hegde and Mr. Rajiv Sahney as required in terms of Clause 49 of the listing agreement with the stock exchanges, are provided in the corporate governance report as annexed to the annual report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006 and of the profit of the Company for the year ended on that date;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis.

ALLCARGO EMPLOYEES' STOCK OPTION PLAN 2006 (ESOP 2006)

The Company has approved and adopted ESOP 2006 to attract, retain and motivate its employees and to enable them to participate in the growth, development and success of the Company. During the year, your Company granted stock options to its permanent employees at varying numbers depending upon the grade of the employees.

The following table sets forth the particulars of stock options granted under Allcargo ESOP 2006, as approved by the shareholders in the Extraordinary General Meeting of the Company held on January 5, 2006:

Gross options granted	38,300
Pricing formula	The stock options granted during the year under review were priced at Rs. 10/- per option being the face value of equity share.
Options vested	Nil
Options exercised	Not Applicable
The total number of equity shares arising as a result of exercise of options	38,300
Options lapsed/expired	1,600
Variation of terms of options	Nil

Money realized by exercise of options	Nil
Total number of options in force	36,700
Employee-wise details of options granted to:	
(i) Senior Managerial Personnel	As per statement attached
(ii) Any other employee receiving a grant in any one of option amounting to 5% or more of the options granted during the year 2005-06.	Nil
(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS 20 'Earning Per Share')	Rs. 29.39
Difference, if any, between the employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost recognized if the fair value of the options had been used and the impact of this difference on profits and EPS of the Company.	The Company has charged a sum of Rs. 1,973,041/- (Rs. 675.88 per option) being the intrinsic value of option under the ESOP 2006 for the year ended March 31, 2006. Had the Company adopted the fair value method based on "Black-Scholes" Model for pricing and accounting the options, the cost of option would have been Rs. 678.78 per option and accordingly, the profit before tax would have been lower by Rs. 8,699/-. The diluted earnings per share will remain same i.e. Rs. 29.39 per share even after factoring the impact of fair value.
Vesting Schedule	35% - 24 months from the grant date i.e. January 12, 2006 35% - 36 months from the grant date i.e. January 12, 2006 Balance 30% - 48 months from the grant date i.e. January 12, 2006
Exercise Period	The Exercise period shall be 3 years from the vesting date or 6 years from the date of the grant, whichever is earlier.
Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Not Applicable

Description of the method and significant assumptions used during the year to estimate fair values of options, including the following weighted average information:	
(i) Risk-free interest rate	7.20%
(ii) Expected life (years)	4 years
(iii) Expected volatility	Nil, as the Company was not listed as on March 31, 2006
(iv) Expected dividend yield	1.50%
(v) Price of the underlying share in market at the time of option grant.	Rs. 685.88

Person-wise details of options granted to senior managerial persons of the Company and its subsidiaries:

Name of Senior Managerial Personnel	Number of options granted*	Number of equity shares issuable upon exercise of options*
Mr. Ashit Desai	625	625
Mr. Jatin Chokshi	625	625
Mr. Pramod Kokate	625	625
Mr. Narayan Shankar	625	625
Mrs. Shantha Martin D'souza	625	625
Mr. Yogesh Kolwalkar	250	250

* Original grant of options adjusted on account of subsequent declaration of Bonus Shares in the ratio of 1:4.

The Securities and Exchange Board of India (SEBI) has issued Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Pursuant to aforesaid guidelines, the excess of the market price of the underlying equity shares as of the date of grant over the exercise price of the option, including upfront payments, if any, is to be recognized and amortized on a straight line basis over the vesting period. Accordingly, the Company has debited a sum of Rs. 1,973,041/- to the profit and loss account for the year ended March 31, 2006 under Employee Compensation Cost.

The equity shares to be issued under the ESOP 2006 of the Company shall rank pari-passu in all respects including dividend with existing equity shares of the Company.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of board of directors) Rules, 1988 are set out hereunder.

Conservation of energy

Though the operations of the Company are not energy intensive, your Company has always put efforts to optimize the use of energy consumption.

Power consumption

Particulars	This Year	Previous Year
Through purchases		
Purchased units	520098	593420
Total amount (Rs.)	2,428,306	2,684,709
Rate / Unit (Rs.)	4.60 per unit	4.50 per unit
Through diesel generator		
Units generated	77724	132456
Total amount (Rs.)	1,049,930	1,701,180
Cost / unit	13.50 per unit	12.84 per unit

Technology absorption

Your Company believes in total customer satisfaction through process enhancements and constant innovation in its services. The Company has received an ISO:9001:2000 quality management certification from Det Norske Veritas (DNV) for its overall operations at the corporate office, branches and Container Freight Station at Uran, Raigad District, Maharashtra.

Your Company's IT system provides support to the business at all stages viz., sales, planning, operations and documentation, accounts and customer service. It helps us enforce procedures, maintain an error-free workflow process and offer near real time tracking of shipments. The system at Allcargo provides customers access to detailed Tracking and Tracing of shipments through our website and also through our Interactive Voice Response System (IVRS).

Your Company has developed software named, CFS Management System that automates various activities carried out at the CFS and integrates the processes related to imports, exports and auction.

Foreign exchange used and earned

	Rs. in Million	
Particulars	This Year	Previous Year
Total foreign exchange used	880.37	61.77
Total foreign exchange earned	180.61	63.70

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member who is interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has prescribed certain corporate governance standards vide Clause 49 of the listing agreement. Your Directors reaffirm their commitments to these standards and a detailed report on corporate governance together with the auditors' certificate on its compliance is annexed hereto.

MANAGEMENT DISCUSSION AND ANALYSIS

The management discussion and analysis on the operations of the Company is provided in a separate section and forms part of this report.

AUDITORS

M/s. Appan & Lokhandwala Associates, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting of the Company. They have confirmed their eligibility and willingness to accept office, if reappointed.

ACKNOWLEDGEMENT

The Directors wish to place on record the co-operation and support received from Government and Semi-Government agencies.

The Directors are thankful to all the bankers and investors for their support to the Company. The Board places on record its appreciation of continued support provided by the valued customers, suppliers, equipment vendors and consultants.

The Directors also acknowledge the hard work and persuasive efforts put in by the employees of the Company in carrying forward Company's vision and mission. The enthusiasm and continuous efforts of the employees have enabled the Company to establish itself as a global player.

The Directors also express their gratitude to the shareholders for their continuing confidence in the Company.

For and on behalf of the Board of Directors

Place : Mumbai

Date : August 21, 2006

Shashi Kiran Shetty

Chairman & Managing Director

Industry Structure and Developments

Logistics as an industry is a fairly large one spread across various segments and catering to the entire manufacturing supply chain. The Indian economy has been growing at reasonable rates for quite some time now. Growth has been pervasive across all segments whether agriculture, industry or services. Globally, the logistics industry is estimated to be growing at round 6-7% annually with a race among players to integrate their operations as more and more users demand comprehensive and single window solutions for their logistics needs. Logistics players are today providing a range of services including the freight management, warehousing and transportation. The Indian contract logistics market is growing steadily as more and more service seekers look to outsource their core activities. The Indian economy has gone through a structural change since liberalization in 1991. Infrastructural development has been happening at a rapid pace. The National Highways Development project, the Golden Quadrilateral linking four metro cities, the North-South-East corridors and connecting roads to villages which is likely to be completed soon has provided the much needed impetus to the development of the logistics sector.

Opportunities, Threats and Future Outlook

Logistics players today play a very important role in the entire supply chain management. The more the

shrinkage in global boundaries, the more is the need of logistics services today. Opportunities abound not only in terms of the domestic needs of players but also for servicing a global clientele, what with Indian fast emerging as a hub for major business activities including manufacturing. Among the major threats that the Company foresees, is its exposure to significant fluctuations in the state of the Indian economy. Any major impact on the export-import scenario will hit the Company's performance to a significant extent. However, since globalization, the Indian economy has witnessed sustained growth which is evident from the fact that today, India is seen as a major hub for overall global economic growth. Geopolitical situations globally have been very mercurial and this is another important factor that is likely to make a material difference on the Company's performance. Your Company has a vision of emerging as a leading benchmark in logistics services in the country.

Internal Control Systems and adequacy

Your Company has been in existence for the last thirteen years and ever since has put in place adequate systems of internal control to ensure the safety of all its assets and protect them against any loss from unauthorized use or disposition. One important aspect of installing and maintaining proper internal controls is to ensure that every transaction is properly authorized, recorded and reported. Your







Company has a well established internal audit process which monitors the adequacy and effectiveness of the various internal controls established across the length and breadth of the functioning of the Company. Your management from time to time checks on the status and compliance with operating systems and policies and assists in the formulation of various risk management policies. Proper use of IT and validation of security in this regard is given proper attention by the management particularly the internal audit team, members of which are regularly trained in modern day audit techniques and methodologies.

Human Resources

Human Resources are an integral and important part of any organization. The success of any organization to a large extent depends on the performance of its workforce. Allcargo is a company with employee strength of 377 is fast emerging as an integrated logistics player not only on the domestic scene but also globally, its global thrust being pushed by its initiatives in acquiring inorganic growth through acquisitions. Human resources are a prime source of competitive advantage for any organization and your Company has put in place sound policies for the growth and progress of its employees, having recognized the fact that in a globalised world how much importance is attached to hiring and retention of employees. Your Company has in place individual

performance management systems to encourage merit and enhance innovative thinking among its employees. Competence mapping and need gap analysis is one way through which your Company takes care of the needs and expectations of its employees. This has also resulted in focused and responsive training programs for the benefit of the individual and the Company. Investing in people is one of the most important success factors for any organization today and this is exactly what the Company recognizes and has been working towards developing future leaders for a diversified logistics conglomerate of tomorrow.

Segmental performance of the company

During the year under review your company has reported a robust performance across all parameters of financial health. Its performance across the various business segments too has been quite satisfactory. 76% of Allcargo's revenues are derived from the MTO business with the balance 24% coming from CFS operations. At the operational level the company earned a total profit of Rs 56.52 crore of which 25% came from MTO operations while CFS contributed to a majority chunk of 75% of the profit. CFS by and large continues to be a high margin business for your company while MTO contributing to a major part of the revenues and has normal margin contribution.

Financial Performance

For the year ended March 2006 your company reported an income of Rs 275 crore up 18% from the year ago period. This was supported by a strong performance across all the segments that it operates in. Members would appreciate the performance of the company at the operational level which has been stupendous, with operating profit rising 67% over the same period last year to Rs 62.67 crore. Increasing scale of operations always demand higher commitment of resources and this is precisely one of the reasons why your company's interest cost has gone up during the year as compared to the preceding year. Depreciation was down 21% over last year at Rs 6.23 crore. A solid operational performance and strong margins have resulted in a 88% jump in its profit before exceptional items and taxation to Rs 54.13 crore. After a 19% escalation in the tax provision, net profit after tax almost doubled to Rs 49.43 crore. Your managements commitment towards enhancing stakeholder value and providing fundamental strength to the company at the same time reflects in the dividend payout on one hand and the profits ploughed back into the business on the other. From just around Rs 1 crore in the preceding year, your company has paid out a dividend of Rs 10.3 crore in the current year while it transferred Rs 30 crore to its general reserves against Rs 10 crore last year. The balance profit of Rs 26.44 crore was carried to the balance sheet. Your management is quite positive on the future performance of the company and visualizes a growth that will far surpass the current performance as reflected in these numbers.

Cautionary Statement

Statements in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied in such forward-looking statements. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, cyclical demand, changes in Government regulations, tax regimes, economic developments within India and at global level, etc. As such your Company does not undertake to update these forward-looking statements.



I. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company is committed to follow the best practices in the area of corporate governance. The Company strongly believes in establishing and adopting best corporate governance practices and thereby facilitating effective management and carrying out of its business by setting up principles, benchmarks and systems to be followed by the Board of Directors, management and all employees in their dealings with customers, stakeholders and society at large.

The Company's corporate governance philosophy entails not only abiding by regulatory and legal requirements but also follow and adopt voluntarily good business ethics and standards of behaviour. The principles such as integrity, accountability, transparency, fairness and timely disclosures, credibility etc. serve as effective means for protection of shareholders and enhancing their value.

The stipulations prescribed under Clause 49 of the Listing Agreement became applicable to your Company in June 2006. However, your Company proactively started complying with Clause 49 stipulations much before.

2. BOARD OF DIRECTORS

The Composition of the Board of Directors of the Company is governed by the Companies Act, 1956 and the listing requirements of the Stock Exchanges, where the securities issued by the Company are listed. The Board had a strength of 6 Directors as on March 31, 2006. The Board had an optimum combination of Executive and Non-Executive Directors. The Chairman of the Board is an Executive Director and more than half of the Board is independent. The Board consists of eminent persons with considerable professional expertise and experience in finance, legal, commercial and other related fields. The management of the Company is entrusted with the senior management personnel of the Company and is headed by the Managing Director who functions under the overall supervision and control of the Board of Directors. The Board reviews and approves the strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholder value are achieved.

All the Directors have certified to us that they are not members of more than 10 (ten) committees and do not act as Chairmen of more than 5 (five) committees across all the companies in which they are Directors.

- All the Directors other than Mr. Shashi Kiran Shetty, Chairman & Managing Director, Mrs. Arathi Shetty, Executive Director and Mr. Adarsh Hegde, Executive Director, are Non-Executive Independent Directors on the Board.
- The Company has not entered into any materially significant transactions during the year, which could have a potential conflict of interest between the Company and its promoters, Directors, management and/ or their relatives, etc. other than the transactions entered into in the normal course of business and entered in the Register of Contracts maintained under Section 301 of the Companies Act, 1956.
- The Senior Management Personnel have made disclosures to the Board confirming that there are no material, financial and /or commercial transactions between them and the Company which could have potential conflict of interest with the Company, at large.

The composition of the Board of Directors as on March 31, 2006 is as follows:

Name of the Director	Category	Total No. of Directorships	Total no. of membership of the committee of Board		Total no. of Chairmanship of the committee of Board	
			Memberships in audit/ investor grievance committees	Memberships in other committees	Chairmanships in audit / investor grievance committees	Chairmanships in other committees
Mr. Shashi Kiran Shetty	Chairman & Managing Director	1	1	3	-	-
Mrs. Arathi Shetty	Executive Director	1	-	2	-	-
Mr. Kaiwan Kalyaniwalla	Independent Director	2	1	3	1	-
Mr. Keki Elavia	Independent Director	9	10	2	5	1
Mr. Satish Gupta	Independent Director	1	1	2	-	-
Mr. Mark Rubin	Non-Executive Director	1	-	-	-	-

NOTES:

- While considering the total number of Directorships, Directorships in private companies, Section 25 companies and foreign companies have been excluded.
- Changes during the year:
 - Mr. M. P. Bansal resigned from the Directorship of the Company with effect from August 18, 2005.
 - Mr. Kaiwan Kalyaniwalla was appointed as an Additional Director with effect from June 30, 2005.
 - Mr. Keki Elavia, Mr. Satish Gupta and Mr. Mark Rubin were appointed as Additional Directors of the Company with effect from January 14, 2006.

Details of Board Meetings held during the financial year 2005-06

During the financial year 2005-06, the Board of Directors of the Company met 22 (twenty two) times on the following dates:

Sr. No.	Date of the Board Meeting	Sr. No.	Date of the Board Meeting
1	April 20, 2005	12	October 28, 2005
2	June 01, 2005	13	November 09, 2005
3	June 07, 2005	14	November 30, 2005
4	June 21, 2005	15	December 03, 2005
5	June 30, 2005	16	December 08, 2005
6	July 04, 2005	17	December 26, 2005
7	July 20, 2005	18	January 12, 2006
8	July 25, 2005	19	January 14, 2006
9	August 16, 2005	20	January 16, 2006
10	September 09, 2005	21	January 25, 2006
11	October 05, 2005	22	February 11, 2006

Attendance at the Board Meeting and last Annual General Meeting

The attendance of Directors at Board Meetings held during the financial year 2005-06 and last Annual General Meeting is as under:

Name of the Director	No. of board meetings attended	Attendance at the last AGM held on July 20, 2005
Mr. Shashi Kiran Shetty	22	Yes
Mrs. Arathi Shetty	21	Yes
Mr. M. P. Bansal*	9	Yes
Mr. Kaiwan Kalyaniwalla**	17	Yes
Mr. Keki Elavia***	Nil	N.A.
Mr. Satish Gupta***	3	N.A.
Mr. Mark Rubin ***	Nil	N.A.

* Mr. M.P. Bansal resigned from the Directorship with effect from August 18, 2005.

** Mr. Kaiwan Kalyaniwalla was appointed as an Additional Director with effect from June 30, 2005.

*** Mr. Keki Elavia, Mr. Satish Gupta and Mr. Mark Rubin were appointed as Additional Directors with effect from January 14, 2006.

Code of Conduct

The Company has laid down and adopted a Code of Conduct for its Directors and senior management in the financial year 2005-06. The Code of Conduct has been posted on the Company's website www.allcargoglobal.com.

The Board of Directors and the senior management of the Company have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

PROFILE OF DIRECTORS

Mr. Shashi Kiran Shetty

Mr. Shashi Kiran Shetty, the promoter, aged 49 years, holds a Bachelor of Commerce degree. He started his career in the logistics industry in 1978 with Intermodal Transport and Trading Systems Private Limited, Mumbai. Subsequently, he moved to Forbes Gokak, a TATA Group Company where he gained experience in port operations. In 1982 he set up Transindia Freight Services, a transportation firm catering to liner shipping services. Subsequently, he formed Transindia Freight Services Private Limited in the year 1995 which catered to the Liner Shipping Industry and went on to provide container and project related transportation services to various exporters and importers. His experience in these firms was in the area of complete door- to- door solutions.

Having gained expertise, he commenced freight forwarding and consolidation activities, catering to exporters by working closely with various agents worldwide, for ensuring handling and delivery of cargo at its destination in an efficient manner. He was instrumental in our Company being appointed as general agents in India for ASIA Lines Ltd., a Mauritius based NVOCC.

Our Promoter joined hands with ECU Line NV in 1995 and set up offices and franchisees across the country, thereby expanding the MTO business across the country. With the Government having opened up the CFS activities to the private sector, our Promoter's foresight led him to set up the CFS activity in the year 2003.

He has served as Ex Trustee of Mumbai Port Trust and is presently the Vice Chairman of the Association of Multimodal Transport Operators of India (AMTOI). Mr. Shetty has been appointed as the Chairman & Managing Director since the inception of the Company.

Mr. Shetty is on the boards of the following other companies.

Sr. No.	Name of the company	Name of committee	Position held
1	Transindia Freight Pvt. Ltd.	Nil	N.A.
2	Avadh Marketing Pvt. Ltd.	Nil	N.A.
3	Prominent Estate Holdings Pvt. Ltd.	Nil	N.A.
4	Allcargo Movers (Bombay) Pvt. Ltd.	Nil	N.A.
5	Allnet Infotech Pvt. Ltd.	Nil	N.A.
6	Jupiter Machines Pvt. Ltd.	Nil	N.A.
7	Transindia Freight Services Pvt. Ltd.	Nil	N.A.
8	Allcargo Shipping Services Pvt. Ltd.	Nil	N.A.
9	N R Holdings Pvt. Ltd.	Nil	N.A.
10	Sealand Cranes Pvt. Ltd.	Nil	N.A.
11	Alltrans Logistics Pvt. Ltd.	Nil	N.A.
12	Alltrans Port Management Pvt. Ltd.	Nil	N.A.
13	Contech Estate Pvt. Ltd.	Nil	N.A.
14	SKS Netgate Pvt. Ltd.	Nil	N.A.
15	Energy Health Spas Pvt. Ltd.	Nil	N.A.
16	Avash Builders Pvt. Ltd.	Nil	N.A.
17	TransNepal Freight Services Pvt. Ltd.	Nil	N.A.
18	ECU International Asia Pvt. Ltd.	Nil	N.A.
19	ECU Hold NV	Nil	N.A.
20	Allcargo Belgium NV	Nil	N.A.

Mr. Shetty was a member of Compensation/Remuneration Committee and Share Transfer/Investors' Grievance Committee of the Company. However, the Compensation/Remuneration Committee has been reconstituted on July 27, 2006, to induct Mr. Keki Elavia as a member in the place of Mr. Shashi Kiran Shetty.

Mr. Shetty holds 14,489,000 equity shares in the Company as on March 31, 2006.

Mrs. Arathi Shetty

Mrs. Arathi Shetty, aged 41 years, holds a Bachelor of Arts degree and is associated with the business since 1988. She has a vast experience of over seventeen years in the business and has an understanding of the intricacies of our business and handles customer relations which are of paramount importance in our service industry. She actively participates and contributes to various policy decisions at the Board Meetings of the Company.

Mrs. Shetty is on the boards of the following other companies.

Sr. No.	Name of the company	Name of committee	Position held
1	Transindia Freight Pvt. Ltd.	Nil	N.A.
2	Avadh Marketing Pvt. Ltd.	Nil	N.A.
3	Prominent Estate Holdings Pvt. Ltd.	Nil	N.A.
4	Allcargo Movers (Bombay) Pvt. Ltd.	Nil	N.A.
5	Allnet Infotech Pvt. Ltd.	Nil	N.A.
6	Jupiter Machines Pvt. Ltd.	Nil	N.A.
7	Transindia Freight Services Pvt. Ltd.	Nil	N.A.
8	Allcargo Shipping Services Pvt. Ltd.	Nil	N.A.
9	N R Holdings Pvt. Ltd.	Nil	N.A.

Sr. No.	Name of the company	Name of committee	Position held
10	Sealand Cranes Pvt. Ltd.	Nil	N.A.
11	Alltrans Port Management Pvt. Ltd.	Nil	N.A.
12	Contech Estate Pvt. Ltd.	Nil	N.A.
13	SKS Netgate Pvt. Ltd.	Nil	N.A.
14	Energy Health Spas Pvt. Ltd.	Nil	N.A.
15	Avash Builders Pvt. Ltd.	Nil	N.A.
16	ECU International Asia Pvt. Ltd.	Nil	N.A.

Mrs. Arathi Shetty is liable to retire by rotation and being eligible offers herself for re-appointment at the ensuing Annual General Meeting.

Mrs. Shetty holds 734,850 equity shares in the Company as on March 31, 2006.

Mr. Adarsh Hegde

Mr. Adarsh Hegde, aged 42 years, holds a Mechanical Engineering degree. Immediately on completion of studies, he joined Eastern Ceramics Pvt. Ltd. in Mumbai as Assistant Maintenance Engineer and served the organization for a period of 2.5 years. It was in year 1987-88, Mr. Hegde joined Transindia Freight Services Pvt. Ltd., involved in transportation business in the area of transporting steel cargo, marine boxes, containers inside and outside the port. Since then, he joined hands with Mr. Shashi Kiran Shetty, Chairman & Managing Director of the Company in developing the organization by leaps and bound.

Mr. Hegde has a tremendous experience in MTO, CFS and Project Cargo Division of the Company. He has been with Allcargo group since 1988 and has played very significant role in the growth of the Company through his business understanding and leadership qualities.

Mr. Hegde has been appointed as an Additional Director in whole-time employment on the board of the Company with effect from August 21, 2006.

Mr. Hegde holds 65,000 equity shares in the Company as on March 31, 2006.

Mr. Kaiwan Kalyaniwalla

Mr. Kaiwan Kalyaniwalla, aged 41 years, is a Solicitor and Advocate of the Bombay High Court and a Partner of the law firm M/s Maneksha & Sethna in Mumbai. He is also enrolled as a Solicitor of the Supreme Court of England and Wales. He is on the board of various companies and advises private sector corporates, multinational banks, transport and logistics companies and some of India's largest property development companies and business houses. His expertise of practice is in the field of corporate law, property law, taxation and general commercial law. He has been an active member of the Managing Committee of the Bombay Incorporated Law Society and currently is its Honorary Secretary. He represents the Bombay Incorporated Law Society on issues concerning the legal profession.

Mr. Kalyaniwalla is on the boards of MHTC Logistics Ltd., Synchro Investments Pvt. Ltd., Boston Analytics Pvt. Ltd. and ECU Hold NV and he does not hold membership in any committee thereof.

Mr. Kalyaniwalla is liable to retire by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.

Mr. Kalyaniwalla does not hold any shares in the Company as on March 31, 2006.

Mr. Keki Elavia

Mr. Keki Elavia, aged 60 years, is a Chartered Accountant by profession having thirty four years of post qualification experience with M/s. Kalyaniwalla & Mistry, Chartered Accountants. He joined the firm as an employee in 1971 and became a partner in 1974. Mr. Elavia is a Director on the boards of several companies. He is a member of the Corporate Governance and Audit Committee of the Hongkong and Shanghai Banking Corporation, Mumbai and a member of a number of expert committees of various Chambers of Commerce as well as an elected member of the governing council of the Indo-French Chamber of Commerce and Industry.

Mr. Keki Elavia is on the boards of the following other companies:

Sr. No.	Name of the company	Name of committee	Position held
1	Bombay Metal & Alloys Manufacturing Company Pvt. Ltd.	Nil	N.A.
2	Grover Vineyards Ltd.	Nil	N.A.
3	Goa Carbon Ltd.	Audit committee	Member
4	Uni Abex Alloy Products Ltd.	Audit committee	Chairman
5	Mazars Business Solutions Pvt. Ltd.	Nil	N.A.
6	Uni Deritend Ltd.	Audit committee	Chairman
7	Uni Klinger Ltd.	Nil	N.A.
8	Paradeep Carbons Ltd.	Audit committee	Chairman
9	Sulzer India Ltd.	Audit committee Investors' Grievance committee Share Allotment/Transfer Committee	Member Member Member
10	NRB Bearings Ltd.	Audit committee Investors' Grievance committee	Member Chairman
11	Zest Pharmaceuticals Pvt. Ltd.	Nil	N.A.

Mr. Elavia was appointed as an Additional Director of the Company with effect from January 14, 2006.

Mr. Elavia does not hold any shares in the Company.

Mr. Satish Gupta

Mr. Satish Gupta, aged 47, is a Science Graduate and is a partner in M/s. Agra Engineering Company. He joined the business when Agra Engineering was a player in the domestic market. With the joint efforts of the partners, Mr. Gupta was instrumental in taking the business from the domestic market to international markets by making it a hundred percent export oriented firm. His firm is currently one of the leading exporters of Engine parts.

Mr. Gupta is on the boards of Auditra Engineering Company Pvt. Ltd. and Balavra Leasing and Finance Pvt. Ltd. He was appointed as an Additional Director on the board of the Company with effect from January 14, 2006.

Mr. Gupta holds 5,625 equity shares in the Company.

Mr. Rajiv Sahney

Mr. Rajiv Sahney, aged 43 years, is the Managing Partner of New Vernon Advisory Services and is also the Chairman of the Medusind Board and is responsible for business development and client service at Medusind. Prior to this, Mr. Sahney was the Managing Director of Antfactory (India), which invested in various companies engaged in outsourcing business. Before that he was the CEO of the Sahney Group of Companies, which manufactures critical electrical components for large OEMs, and is also involved in real estate and investment business. Mr. Sahney started his career as a Consultant with Bain & Company, after completing his MBA from IMEDE, Switzerland and BS (Physics) from California Institute of Technology, USA.

Mr. Sahney was appointed as an Additional Director on the board of the Company with effect from August 21, 2006. He is on the boards of the following other companies:

Sr. No.	Name of the company	Name of committee	Position held
1	Sahney Kirkwood Pvt. Ltd.	Nil	N.A.
2	Rave Technologies (I) Pvt. Ltd.	Nil	N.A.
3	Sahney Commutators Pvt. Ltd.	Nil	N.A.
4	Isovolta (I) Pvt. Ltd.	Nil	N.A.
5	Kanwaldeep Investments Co. Pvt. Ltd.	Nil	N.A.
6	Medusind Solutions India Pvt. Ltd.	Nil	N.A.
7	NV Advisory Services Pvt. Ltd.	Nil	N.A.
8	Varroc Engineering Pvt. Ltd.	Nil	N.A.

Mr. Sahney does not hold any shares in the Company.

3. COMMITTEES OF BOARD

The Board has constituted committees of Directors to take informed decisions in the best interest of the Company. These committees review and monitor the activities falling within their terms of reference. The Board's committees are as follows:

AUDIT COMMITTEE:

The broad terms of reference of the audit committee includes the following in accordance with Clause 49 of the listing agreement entered into with the stock exchanges in India and *inter alia* includes the following:

- Overseeing the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information;
- Recommending appointment and removal of statutory auditors and internal auditors and fixing of their fees;
- Reviewing with management the annual financial statements before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements;
- Reviewing the adequacy of the Internal Audit including their policies, procedures, techniques and other regulatory requirements;
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- To monitor the utilization of issue proceeds out of IPO.
- Any other terms of reference as may be included from time to time in clause 49 of the listing agreement.

The Chief Operating Officer, the Chief Financial Officer and the representatives of the statutory and internal auditors were invited to attend the meetings of the audit committee from time to time.

Composition, meetings and attendance

The Company constituted audit committee on January 14, 2006 as per the requirements of Clause 49 of the listing agreement. All the members of the audit committee are Independent Directors. Mr. Keki Elavia is the Chairman of the committee and other members are Mr. Kaiwan Kalyaniwalla and Mr. Satish Gupta. The Company Secretary of the Company is acting as the secretary to the committee.

During the financial year 2005-06, the audit committee met only once.

COMPENSATION/REMUNERATION COMMITTEE :

The broad terms of reference of the Compensation/Remuneration Committee are to review the overall compensation structure and policies of the Company with a view to attract, retain and motivate employees, consider grant of stock options to employees, reviewing compensation levels of the Company's employees vis-a-vis other companies and industry in general. The Committee is also entrusted with the responsibility of administering and monitoring ESOP Scheme of the Company.

Composition, meetings and attendance

The Committee was formed on January 14, 2006 with Mr. Kaiwan Kalyaniwalla as the chairman and Mr. Shashi Kiran Shetty and Mr. Satish Gupta as the other members. All the members of the Committee other than Mr. Shashi Kiran Shetty are Independent Directors. The Company Secretary of the Company is acting as the secretary to the Committee.

The Committee has not met so far.

SHARETRANSFER/INVESTORS' GRIEVANCE COMMITTEE :

The terms of reference of the Share Transfer/Investors' Grievance Committee are to approve share transfers/transmissions, issue of duplicate share certificates, split of shares, consolidation of shares, dematerialisation, rematerialisation of shares, etc. The committee is also empowered to redress the grievances of the shareholders/investors relating to transfer/transmission of shares, non-receipt of balance sheet, non-receipt of share certificates, dividend warrants, refund orders, etc.

Composition, meetings and attendance

The committee was constituted on January 14, 2006. The Committee was reconstituted on May 5, 2006 and the reconstituted committee comprises of Mr. Kaiwan Kalyaniwalla, Mr. Shashi Kiran Shetty and Mr. Satish Gupta. Mr. Kaiwan Kalyaniwalla is the Chairman of the committee. The Company Secretary of the Company is acting as the secretary to the committee.

As on 31 March, 2006, only one request for split cum transfer was received and processed by the Committee. The details of the transfers are reported to the Board of Directors from time to time.

During the year, the Company did not receive any complaint from shareholders.

The Committee met only once on March 2, 2006 during the financial year 2005-06.

EXECUTIVE COMMITTEE OF DIRECTORS:

The terms of reference of the Executive Committee of Directors is to take various administrative and operational decisions to facilitate day to day functioning of the Company viz.,

- i. opening and/or closing of banking accounts;
- ii. change in the authorized signatories to the bank accounts;
- iii. acquiring premises for housing branch offices and signing, executing and admitting registration thereof with the Registering Authorities;
- iv. authorizing senior officials of the Company to initiate and represent legal suits of routine nature on Company's behalf;
- v. authorizing officials to sign, execute and file various return, forms, other relevant documents of routine nature with various authorities like Income Tax, Customs Act, Service Tax, Shops and Establishment Act, Provident Fund & Miscellaneous Provisions Act, etc.;
- vi. signing and issuing bonds and bank guarantees in favour of Customs Authorities, DGFT, etc.
- vii. issuing Power of Attorneys in favour of officials of the Company for day to day business operations;
- viii. other decisions of routine nature having impact on day to day business of the Company.

The decisions of the Executive Committee of Directors are to be ratified by the Board of Directors at its next meeting. The committee was constituted on May 5, 2006, which comprises of Mr. Shashi Kiran Shetty and Mrs. Arathi Shetty. Mr. Shashi Kiran Shetty is the Chairman of the committee. The Company Secretary of the Company is acting as the secretary to the Committee.

The Committee did not meet so far during the financial year 2005-06.

IPO COMMITTEE:

The terms of reference of the IPO Committee is to decide and take action on all matters relating to the IPO including but not limited to the finalization of the Red Herring Prospectus or any other Offer Document, Bid-cum-Application Form or Form of Application in respect of the issue of Securities, the appointment and fixing of remuneration of intermediaries such as the Lead Managers, Legal Advisors, Bankers, Registrar and Transfer Agents, Printers, PR Agency and other intermediaries, the pricing of the Securities, the issue, allotment, and listing of the Securities and utilisation of the proceeds from the issue of Securities.

Composition, meetings and attendance

The IPO Committee of the Company was constituted on January 14, 2006 as an adhoc committee with Mr. Kaiwan Kalyaniwalla as its Chairman and Mr. Shashi Kiran Shetty and Mrs. Arathi Shetty as other members. The Company Secretary of the Company is acting as the secretary to the Committee.

The Committee met only once on March 18, 2006, during the financial year 2005-06 and all the members were present at the meeting.

SHARE ALLOTMENT COMMITTEE:

The terms of reference of Share Allotment Committee are to issue and allot equity shares under the Initial Public Offering of shares (IPO) of the Company either in dematerialized form or physical form under the common seal of the Company and to seek listing of the equity shares on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

Composition, meetings and attendance

The Share Allotment Committee was constituted on May 5, 2006, as an adhoc committee comprising of Mr. Keki Elavia, Mr. Kaiwan Kalyaniwalla and Mr. Satish Gupta. Mr. Keki Elavia is the Chairman of the committee and the Company Secretary of the Company is acting as the secretary to the committee.

Details of remuneration paid to Directors during the financial year 2005-06

- (a) Remuneration paid/payable to the executive Directors for the financial year ended March 31, 2006 is given as under:

Name of Director	Salary (Rs.)	Perquisites (Rs.)	Bonus/ commission/ stock options	Total (Rs.)	Service Contract	Notice Period
Mr. Shashi Kiran Shetty	6,001,200/-	818,053/-	Nil	6,819,253/-	Five years upto March 31, 2010	Three months
Mrs. Arathi Shetty	1,200,000/-	Nil	Nil	1,200,000/-	Nil	Nil

- (b) Remuneration paid/payable to the Non-Executive Directors for the financial year ended March 31, 2006 is given as under:

The Non-Executive Directors were not paid any remuneration except sitting fees for attending the meetings of the Board of Directors and / or committees thereof. The details of the sitting fees paid to the Non-Executive Directors are as under:

Name of the Non-Executive Director	Sitting fees (Rs.)
Mr. M. P. Bansal	Nil
Mr. Kaiwan Kalyaniwalla	10,000/-
Mr. Keki Elavia	2,500/-
Mr. Satish Gupta	2,500/-
Mr. Mark Rubin	Nil
Mr. Rajiv Sahney*	N.A.

* Mr. Rajiv Sahney was appointed as an Additioinal Director of the Company w.e.f. August 21, 2006.

During the year under review, Stock Options were granted to certain confirmed employees of the Company pursuant to SEBI (Employees Stock Options Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended from time to time. None of the Directors were granted any Stock Options.

4. ANNUAL GENERAL BODY MEETINGS

Meeting	Date and Time	Venue	Special Resolutions passed
AGM	July 20, 2005 at 3:00 p.m.	Registered Office of the Company at Diamond Square, 5th Floor, CST Road, Kalina, Santacruz (East), Mumbai - 400 098	Nil
AGM	September 30, 2004 at 3:00 p.m.	Registered Office of the Company at Diamond Square, 5th Floor, CST Road, Kalina, Santacruz (East), Mumbai - 400 098	Nil
AGM	September 30, 2003 at 3:00 a.m.	Registered Office of the Company at Diamond Square, 5th Floor, CST Road, Kalina, Santacruz (East), Mumbai - 400 098	Nil

No resolution was passed with the use of postal ballots.

5. DISCLOSURES:

(a) Disclosure on materially significant related party transactions

There were no materially significant related party transactions during the financial year 2005-06 except those disclosed in the notes to the accounts as per Accounting Standard-18.

(b) Details of non-compliance, if any, with regard to capital market

The equity shares of the Company were listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) with effect from June 23, 2006. The Company has complied with all the requirements of listing agreement as well as the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI). The Company has paid listing fees to the Exchanges and Annual Custodial Fees to both the Depositories for the financial year 2006-07.

There were no penalties imposed nor strictures passed on the Company by the stock exchanges, SEBI or any other statutory authority on any matter related to capital markets, during last 3 (three) years.

(c) Disclosure of accounting treatment

There is no deviation in following the treatment prescribed in any Accounting Standard in preparation of financial statements for the year 2005-06.

(d) Board disclosures – risk management

The Board members of the Company have been apprised about the risk assessment and minimisation procedures intended to be adopted. The audit committee of the board is also informed about the business risks and the steps taken to mitigate the same. The implementation of the risk assessment and minimisation procedures is under progress and the board members are periodically informed of the status.

(e) Proceeds from public issue

The proceeds of the Initial Public Offer (IPO) of the Company have been utilised for the purposes mentioned in the prospectus only and there is no deviation in the application of these funds.

(f) Certification from CEO and CFO

The requisite certification from the Managing Director and Chief Financial Officer required to be given under Clause 49(V) has been placed before the Board of Directors of the Company.

(g) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the listing agreement

The Company has complied with all the mandatory requirements as prescribed under Clause 49 of the listing agreement. A certificate from M/s. Mehta & Mehta, Company Secretaries to this effect has been included in this report. Besides mandatory requirements, the Company has constituted a remuneration committee to consider and recommend the remuneration of the Directors and for administration and monitoring of Employee Stock Option Plan.

6. MEANS OF COMMUNICATION :

The quarterly unaudited financial results are published in the newspapers as required under the provisions of Clause 41 of the Listing Agreement with the Stock Exchanges. The results are also displayed on the Company's web-site at www.allcargoglobal.com. The shareholders can visit the Company's web-site for financial information, code of conduct for board and senior managerial personnel, share dealing code, composition of Board of Directors and its various Committees, etc.

7. CODE FOR PREVENTION OF INSIDER TRADING

The Company has adopted a share dealing code for the prevention of insider trading in the shares of the Company. The share dealing code, inter alia, prohibits purchase / sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The management discussion and analysis report forms part of this annual report.

9. GENERAL SHAREHOLDER INFORMATION

- | | |
|--|--|
| (a) Ensuing Annual General Meeting | : Thirteenth Annual General Meeting |
| Day and date | : Friday, September 29, 2006 |
| Time | : 3:00 p.m. |
| Venue | : Walchand Hirachand Hall,
Indian Merchants' Chamber, IMC Building,
IMC Marg, P.B. 11211, Churchgate,
Mumbai – 400 020 |
| (b) Tentative financial calendar for 2006-07 | |
| Financial year | : April 1 to March 31 |
| Board meetings for approval of quarterly results | |
| Quarter ending on September 30, 2006 | : October 2006 |
| Quarter ending on December 31, 2006 | : January 2007 |
| Quarter ending on March 31, 2007 | : April 2007 |
| Audited annual results for financial year ended March 31, 2007 | : Within 3 months of the close of financial year |
| (c) Book closure dates | : September 23, 2006 to September 29, 2006
(both days inclusive) |
| (d) Dividend payment date | : On or before October 28, 2006 |
| (e) Listing on stock exchanges | : The equity shares of the Company are listed at the following Stock Exchanges and the annual fees for 2006-2007 have been paid.

Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 023
Security Code: 532749 |

The National Stock Exchange of India Ltd.
 'Exchange Plaza', 5th Floor,
 Bandra-Kurla Complex,
 Bandra (East),
 Mumbai 400 051
 Security Code: ALLCARGO

(f) **Share transfer system**

The Company's shares which are in compulsory dematerialized (demat) list are transferable through the depository system. Shares in physical form are processed by the Registrars and Share Transfer Agents, Intime Spectrum Registry Limited and approved by the Share Transfer/Investors' Grievance Committee of the Company. The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by Intime Spectrum Registry Limited.

(g) **Dematerialization of shares**

The equity shares of the Company are compulsorily traded in dematerialized form and are available for trading under National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) from June 23, 2006 onwards. The International Security Identification Number (ISIN) allotted to the Company under Depository System is INE418H01011.

(h) **Investor helpdesk**

Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of Registrars and Share Transfer Agents, Intime Spectrum Registry Limited.

For lodgement of transfer deeds and any other documents or for any grievances/complaints, the shareholders/ investors may contact at the following address:

Intime Spectrum Registry Limited,
 Mr. Joy Varghese
 Registrars and Share Transfer Agents,
 Unit: Allcargo Global Logistics Limited
 C-13, Pannalal Silk Mills Compound,
 LBS Marg, Bhandup (West),
 Mumbai - 400 078
 Tel: 022 - 25963838 Fax: 022 - 25946969
 Email: isrl@intimespectrum.com

For all investor related matters, the following person can be contacted:

Mr. Yogesh Kolwalkar
 Company Secretary & Compliance Officer
 Allcargo Global Logistics Limited
 Diamond Square, 5th Floor,
 C.S.T. Road, Kalina,
 Santacruz (East),
 Mumbai - 400 098
 Tel: 022 - 6679 8100 Fax : 022 - 6679 8195
 Email: investordesk@allcargoglobal.com

(i) **Distribution of shareholding**

Distribution of shareholding as on March 31, 2006

Shareholding of nominal value	No. of shareholders	% to total shareholders	Nominal amount of shares held	% to total shareholding
Up to 5000	5	11.63	13550	0.01
5001 - 10000	4	9.30	37250	0.02
10001 - 20000	9	20.93	144600	0.08
20001 - 30000	4	9.30	87750	0.05
30001 - 40000	2	4.65	67500	0.04
40001 - 50000	0	0.00	0	0.00
50001 - 100000	6	13.96	411650	0.22
100001 & above	13	30.23	181006150	99.58
Total	43	100.00	181768450	100.00

Shareholding pattern as on March 31, 2006

Category	No. of shares	% to total no. of shares
Promoter Group	16123725	88.70
Bodies Corporate	366500	2.02
Foreign Company	1093485	6.02
Venture Capital Fund	182250	1.00
Directors/Employees	7375	0.04
Resident Indians	403510	2.22
Total	18176845	100.00

(j) **Stock data**

Data relating to stock prices is not available as the Company's equity shares were listed at BSE and NSE on June 23, 2006.

(k) **Outstanding GDRs / ADRs**

Your Company has not issued any GDRs / ADRs.

(l) **Office locations**

Wakefield House, 1st Floor,
Spratt Road, Ballard Estate,
Mumbai - 400 038
Maharashtra

G-113, Near Gate No.1
Akshay Complex,
Tadiwala Road,
Pune - 411 001,
Maharashtra

207/208 Karambelkar Towers,
2nd Floor,
Above Hotel Royal Gardens,
Near Deccan Petrol Pump,
CIDCO, Nasik - 422 009,
Maharashtra

202, 2nd Floor, Apoorva Tower,
Chhatrapati Square,
Wardha Road,
Nagpur - 440 015.
Maharashtra

B - 706, Atma House,
Opp. Old R.B.I., Ashram Road,
Ahmedabad - 380 009
Gujarat

4th Floor, Room No. 407,
Krishna Tower,
15/63, Civil Lane,
Kanpur - 208 001
Uttar Pradesh

Second Floor, 217,
Parasnath Plaza I, Plot No. 2,
Neelgiri Commerical Centre,
Mansarovar Scheme, Delhi Road
Moradabad - 244 001,
Uttar Pradesh

Off No. 247, 2nd Floor,
Ganpati Plaza, M.I. Road,
Jaipur - 302 001
Rajasthan, India

512, Aakashdeep Plaza,
5th Floor, Golmori, Dist,
Singhbhum East,
Jamshedpur - 831 003
Jharkhand

9th Floor, Camac Tower,
3C, Camac Street,
Kolkata - 700 016.
West Bengal

Local Shopping Complex
Plot No 8, Vardhaman Plaza ,
Site No 37 -38, Kalkaji ,
New Delhi - 110 065

56-57, Bindra Complex,
C-145 A,
Phase V, Focal Point,
Ludhiana - 141 010,
Punjab

No. A2, 1st Floor, "Amantran
Arcade", Plot No. 4,
Khanapur Road, Tilakwadi,
Belgaum - 590 006,
Karnataka

402, 3rd Floor,
Oxford Chambers,
Rustom Baugh,
Main Road, Kodihalli,
Bangalore - 560 071,
Karnataka

Leelavathi Building,
2nd Floor, 69,
Armenian Street, Parrys,
Chennai - 600 001,
Tamil Nadu

No. 49/5 & 49/6, 1st Floor,
North Car Street,
Tuticorin - 628 008,
Tamilnadu

1st Floor,
Rani Meyyammai Building,
K P K Menon Road,
Willington Island,
Cochin - 682 003,
Kerala

Surekha Chambers, 3rd Floor,
Flat # 302, Ameerpet,
Hyderabad - 500 016,
Andhra Pradesh

200 Middlesex Turnpike
Iselin, New Jersey 08830,
U.S.A.

Container Freight Station:

Transindia Logistic Park
Koprolu Village,
Taluka – Uran,
Dist- Raigad - 410 206,
Maharashtra

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 21, 2006

Shashi Kiran Shetty
Chairman & Managing Director

DECLARATION

To,
The Members of
Allcargo Global Logistics Limited

I, Shashi Kiran Shetty, Chairman & Managing Director of Allcargo Global Logistics Limited (“**the Company**”) hereby declare that, as of March 31, 2006, all the Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct laid down and adopted by the Company.

For **Allcargo Global Logistics Limited**

Shashi Kiran Shetty
Chairman & Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Allcargo Global Logistics Limited

We have examined the compliance of conditions of corporate governance by Allcargo Global Logistics Limited, for the year ended on March 31, 2006, as stipulated in Clause 49 of the listing agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

We further state that such compliance is neither an assurance to the future visibility of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Mehta & Mehta**
Company Secretaries

Dipti Mehta
Partner

Place : Mumbai
Date : August 21, 2006

Membership No. 3667

To
The Members of **Allcargo Global Logistics Limited**.

1. We have audited the attached Balance Sheet of **Allcargo Global Logistics Limited** as at March 31, 2006 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, (herein after referred to as the "Order") issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit;
 - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The branch Auditor's reports have been forwarded to us and have been appropriately dealt with while preparing our report;
 - iv. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - v. In our opinion the Balance Sheet, Profit and Loss Account, and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon give the information required by the Companies Act 1956, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2006;
 - (b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of written representations received from the directors of the Company as on March 31, 2006 and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified as on March 31, 2006 from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

For **Appan & Lokhandwala Associates**
Chartered Accountant

Bhavesh Lokhandwala
Partner
Membership No. 102393

Place : Mumbai
Dated : June 30, 2006

- 50
- ANNUAL REPORT 2005-06
- l) a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets .
 - b. All the assets have not been physically verified by the management during the year but there is a regular programme of verification, which, in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c. Fixed Assets disposed off during the year were not substantial and therefore do not affect Going Concern assumption
 - ii) The Company does not have any inventories; hence paragraph 4(ii)(a), 4(ii)(b) and (ii)(c) of the Orders are not applicable.
 - iii) a. The Company has not taken any loans from parties listed in the register maintained under Section 301 of the Companies Act, 1956. According to the information and explanations given to us, the Company had granted an unsecured loan to a company listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during year is Rs. 30,500 thousand and the outstanding balance of the above loan granted at the year end is Rs. 28,713 thousand.
 - b. In our opinion, the rate of interest and other terms and conditions of Loans are not, prima facie, prejudicial to the interest of the Company.
 - c. The Party to whom the loan is given is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
 - d. There is no overdue amount of loans taken from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act 1956.
 - iv) In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase fixed assets and with regard to the supply of services. During the course of the audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
 - v) a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
 - vi) As the Company has not accepted any deposits from the public, paragraphs 4 (vi) of the Order is not applicable.
 - vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
 - viii) As explained to us the Central Government has not prescribed maintenance of cost records order under Section 209(I)(d) of the Companies Act, 1956 for any products of the company; hence paragraph 4 (viii) of the Order is not applicable.
 - ix) a. According to the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities.

- b. According to the information and explanation given to us, there are no disputed amounts payable in respect of Sales Tax, Customs Duty, Wealth Tax, Excise Duty and Cess, except Income Tax in respect of Assessment Year 2003-04 amounting to Rs. 2,461 thousand which have not been deposited on account of matter pending with Commissioner of Income Tax (Appeals).
- x) The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during the current and the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order is not applicable.
- xiii) As the Company is not a chit fund/nidhi/mutual benefit funds/society to which the provisions of special statute relating to chit fund are applicable, paragraph 4(xiii) of the Order is not applicable.
- xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4 (xiv) of the Order is not applicable.
- xv) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised on short-term basis have not been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- xviii) The Company has made preferential allotment of shares to parties listed in the register maintained under Section 301 of the Act who have immense knowledge in the business of the company. 120,000 equity shares of the company were allotted at par on preferential basis on June 30, 2005. The value of the shares based on the audited financial of March 31, 2005 on Net Asset basis is approximately Rs. 40/- per equity share and on Maintainable Profit basis is approximately Rs. 58/- per equity share. At the time of the allotment, the company was an unlisted private company and the shares of the company were not traded. In view of this we are of the opinion that the issue is not prejudicial to the interest of the company.
- xix) As the Company has not issued any debentures, paragraph 4(xix) of the Order is not applicable.
- xx) During the year, since the Company has not raised money by way of Public issue, paragraph 4 (xix) of the Order is not applicable.
- xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2006.

For **Appan & Lokhandwala Associates**

Chartered Accountant

Bhavesh Lokhandwala

Partner

Membership No. 102393

Place : Mumbai

Dated : June 30, 2006

BALANCE SHEET AS AT MARCH 31, 2006

(Rs. in 000's)

SOURCES OF FUNDS

SHAREHOLDERS' FUNDS

		This Year	Previous Year
Share Capital	1	181,768	100,000
Share Application money Pending Allotment		—	30
Employee Stock Options Outstanding	2	1,973	—
Reserves & Surplus	3	1,411,375	300,759
		1,595,116	400,789

LOAN FUNDS

Secured Loans	4	225,321	99,202
Deferred Tax Liability (Net)		10,267	5,282
		1,830,704	505,273

APPLICATION OF FUNDS

FIXED ASSETS

Gross Block	5	496,330	518,968
Less : Depreciation		132,838	201,803
Net Block		363,492	317,165
Capital Work in Progress		120,360	17,241
		483,852	334,406

INVESTMENTS

6	793,796	75,503
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CURRENT ASSETS, LOANS AND ADVANCES

A. Current Assets

Interest Accrued on Investment		3,173	560
Sundry Debtors	7	253,966	181,441
Cash & Bank Balances	8	408,292	12,033

B. Loans & Advances

9	151,305	159,439
	816,736	353,473

CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities

10	227,417	257,263
----	---------	---------

B. Provisions

11	37,138	1,958
	264,555	259,221

NET CURRENT ASSETS

	552,181	94,252
--	---------	--------

Miscellaneous Expenditure
(To the extent not written off or adjusted)

12	875	1,112
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1,830,704	505,273
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Significant Accounting Policies and Notes
to the Accounts

21

As per our report of even date

For **Appan & Lokhandwala Associates**
Chartered Accountants

Bhavesh Lokhandwala
Partner
Membership No. 102393

Place : Mumbai
Dated : June 30, 2006

For and on behalf of the Board

Shashi Kiran Shetty
Chairman and Managing Director

Arathi Shetty
Executive Director

Jatin Chokshi
Chief Financial Officer

Yogesh Kolwalkar
Company Secretary

Kaiwan Kalyaniwalla
Keki Elavia } Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006

(Rs. in 000's)

INCOME	Schedule	This Year	Previous Year
Operating Income	13	2,704,230	2,318,223
Other Income	14	44,417	2,812
		2,748,647	2,321,035
EXPENDITURE			
Multimodal Transport Operations	15	1,689,513	1,672,092
Container Freight Station	16	187,971	105,688
Hire and Transport	17	12,159	17,720
Employee Cost	18	102,964	68,340
Administrative and Selling	19	129,017	82,342
Interest	20	23,167	7,667
Depreciation	5	62,302	78,385
Preliminary Expenses written off		288	278
		2,207,381	2,032,512
PROFIT BEFORE TAX		541,266	288,523
Provision For Taxation			
Current Tax		46,675	39,527
Deferred Tax		(2,849)	(266)
Wealth Tax		70	63
Fringe Benefit Tax		3,045	-
		46,941	39,324
PROFIT AFTER TAX		494,325	249,199
Tax Adjustment for earlier years		(7,711)	(423)
Prior Period Expenses		(382)	—
Balance brought forward from Previous Year		195,759	58,290
PROFIT AVAILABLE FOR APPROPRIATION		681,991	307,066
APPROPRIATIONS:			
Interim Dividend Paid		72,707	10,000
Tax on Interim Dividend		10,197	1,307
Proposed Dividend		30,384	—
Tax on Proposed Dividend		4,262	—
General Reserve		300,000	100,000
Surplus carried forward		264,441	195,759
		681,991	307,066
Earnings Per Share (Rs.)			
Basic EPS		29.47	15.33
Diluted EPS		29.39	15.28
Significant Accounting Policies and Notes to the Accounts	21		

As per our report of even date

For **Appan & Lokhandwala Associates**
Chartered Accountants

Bhavesh Lokhandwala
Partner
Membership No. 102393

Place : Mumbai
Dated : June 30, 2006

Jatin Chokshi
Chief Financial Officer

Yogesh Kolwalkar
Company Secretary

For and on behalf of the Board

Shashi Kiran Shetty
Chairman and Managing Director

Arathi Shetty
Executive Director

Kaiwan Kalyaniwalla
Keki Elavia } Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006

(Rs. in 000's)

	This Year	Previous Year
A. Cash Flow from Operating Activities		
Net Profit Before Tax	541,266	288,523
Adjustments for:		
Depreciation	62,302	78,385
Loss on Sale of Fixed Assets	5,431	189
Preliminary Expenses written off	288	278
Interest Payments	22,432	7,065
Employees compensation expenses	1,973	—
Foreign exchange loss/(gain)	(2,614)	—
Interest Received	(11,601)	(1,458)
Profit on Sale of Assets	(18,717)	(4)
Profit on Sale of Shares	(8,209)	(637)
Provisions for Liabilities	1,335	1,757
Dividend	(5,890)	(714)
Operating Profit before Working Capital changes	587,996	373,384
Adjustment for:		
Increase/Decrease in Trade and Other receivables	(63,066)	(181,051)
Increase/Decrease in Trade Payables and Other liabilities	(30,645)	94,404
Direct Taxes Paid	(50,994)	(41,816)
Prior Period Expenses	(382)	—
Net Cash from Operating Activities	442,909	244,921
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (Including Capital Advances)	(276,337)	(153,548)
Purchase of Investments	(1,080,215)	(71,926)
Sale of Investments	370,131	3,037
Sale of Fixed Assets	77,876	546
Interest Received	11,601	1,458
Dividend	5,890	714
Net Cash from Investing Activities	(891,054)	(219,719)
C. Cash Flow from Financing Activities		
Receipt / Payment of Loans	126,119	(11,786)
Refund of Share Application Money	(10)	—
Preliminary Expenses Incurred	(9,308)	(1,390)
Interim Dividend	(72,707)	(10,000)
Tax on Interim Dividend	(10,197)	(1,307)
Issue of Share Capital including Premium	832,939	—
Interest Paid on Loans	(22,432)	(7,065)
Net Cash from Financing Activities	844,404	(31,548)
Net Increase in Cash and Cash Equivalent (A+B+C)	396,259	(6,346)
Cash and Cash Equivalent at the beginning of year	12,033	18,379
Cash and Cash Equivalent at the end of the year	408,292	12,033

As per our report of even date

For **Appan & Lokhandwala Associates**
Chartered Accountants**Bhavesh Lokhandwala**
Partner
Membership No. 102393Place : Mumbai
Dated : June 30, 2006**Jatin Chokshi**
Chief Financial Officer**Yogesh Kolwalkar**
Company Secretary

For and on behalf of the Board

Shashi Kiran Shetty
Chairman and Managing Director**Arathi Shetty**
Executive Director**Kaiwan Kalyaniwalla**
Keki Elavia } Directors

(Rs. in 000s)

Schedules

I SHARE CAPITAL

Authorised

21,000,000 (Pr. Yr. 15,000,000) Equity shares of Rs. 10/- each
Nil (Pr. Yr. 50,000) 6% Non Cumulative Redeemable Preference
Shares of Rs. 100/- each

This Year	Previous Year
210,000	150,000
—	50,000
210,000	200,000

Issued, Subscribed and Paid up Capital

18,176,845 (Pr. Yr. 10,000,000) Equity shares of Rs. 10/- each
[Of the above 16,211,369 (Pr. Yr. 9,540,000) shares are allotted
as fully paid up bonus shares by capitalisation of general
reserves.]

181,768	100,000
----------------	---------

2 EMPLOYEES STOCK OPTIONS OUTSTANDING

Employee Stock Options Outstanding
Less : Deferred Employee Compensation Expenses

24,872	—
22,899	—
1,973	—

3 RESERVES AND SURPLUS

Securities Premium Account

Received during the year
Less: Share Issue Expenses

817,905	—
9,257	—
808,648	—

General Reserves

As per last Balance Sheet
Add: Transferred from Profit and Loss Account

105,000	100,000
300,000	100,000
405,000	200,000
66,714	95,000

Less: Capitalisation of Reserves

338,286	105,000
264,441	195,759
1,411,375	300,759

Profit and Loss Account

4 LOAN FUNDS

Secured Loans

From Banks:
Secured by Mortgage of Assets and Hypothecation
of Vehicles / Equipments. Secured loan of Rs. 457,717 thousand
(Pr. Yr. Rs. 26,375 thousand) is Guaranteed by some Directors
Repayable within a year Rs. 170,953 thousand
(Pr. Yr. Rs. 60,644 thousand)

225,321	95,048
—	4,154
225,321	99,202

From Others:

Secured by Hypothecation of Respective / Vehicles Equipment
Repayable within a year – Nil (Pr. Yr. Rs. 4,154 thousand)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

Schedule 5 FIXED ASSETS

(Rs. in 000's)

	Gross Block				Depreciation			Net Block		
	Opening	Additions	Deduction/ Adjustments	Closing	Opening	For the Year	Deduction/ Adjustments	Closing	This Year	Previous Year
Free Hold Land	—	72,797	—	72,797	—	—	—	—	72,797	—
Buildings	120,328	55,031	—	175,359	9,132	7,190	—	16,322	159,037	111,196
Plant & Machinery	42,660	12,012	1,433	53,239	13,437	4,716	539	17,614	35,625	29,223
Commercial Vehicles	267,040	14,859	187,889	94,010	137,362	36,584	126,568	47,378	46,632	129,678
Office Equipments	25,363	6,031	294	31,100	17,729	4,277	269	21,737	9,363	7,634
Furnitures & Fixtures	40,821	5,078	1,075	44,824	15,599	4,778	653	19,724	25,100	25,222
Vehicles-Others	17,256	3,518	5,164	15,610	8,520	2,397	3,238	7,679	7,931	8,736
Software Packages	5,500	3,891	—	9,391	24	2,360	—	2,384	7,007	5,476
Previous Year	518,968	173,217	195,855	496,330	201,803	62,302	131,267	132,838	363,492	317,165
Capital Work-In-Progress	372,862	148,267	2,161	518,968	124,848	78,385	1,428	201,803	120,360	17,241
									483,852	334,406

Schedules	(Rs. in 000s)	
	This Year	Previous Year
6 INVESTMENTS		
I) LONG TERM INVESTMENTS		
At Cost		
In Wholly Owned Subsidiaries		
10,000 (Pr.Yr. 9,000) Equity shares of Contech Transport Services Pvt. Ltd. of Rs. 100/- each (1,000 Equity shares purchased during the year)	2,168	900
1,000 (Pr.Yr. Nil) Equity Shares of Allcargo Belgium N.V. (1,000 Equity Shares purchased during the year)	3,274	—
In Fully Paid-up-Equity Shares of other Companies		
Quoted - Non Trade		
486 (Pr.Yr. Nil) Equity Shares of Suzlon Energy Ltd. of Rs. 10/- each (486 Equity Shares purchased during the year)	248	—
283 Equity Shares of Punjab National Bank Ltd. of Rs. 10/- each	110	110
6,703 Equity Shares of National Thermal Power Corporation Ltd. of Rs. 10/- each	416	416
5,000 Equity Shares of Inertia Industries Ltd. of Rs. 10/- each	51	51
Unquoted -Non Trade		
10,000 Equity Shares of Magic Trading Co. Ltd. of Rs. 10/- each	100	100
2,500 Equity Shares of Allsoft Corporation Ltd. of Rs.10/- each	83	83
Unquoted -Trade		
In Associate Companies		
202 Ordinary shares of Ecu Line Indian Ocean Island Ltd. of MRS.1,000/-each	334	334
50,000 Ordinary shares of ACM Lines Pty. Ltd. of ZAR 1/- each	263	263
90 Ordinary Shares of Transworld Logistics and Shipping Services Inc. of US \$ 500 each	2,187	2,187
80,272 (Pr.Yr. Nil) Class 'B' Ordinary Shares of Ecu Hold N.V. (80,272 Class 'B' Ordinary Shares purchased during the year)	702,050	—
In Others		
10 Equity Shares of Alltrans Port Management Pvt. Ltd. of Rs. 100/- each	1	1
Ordinary Equity Shares of ECU line Middle East LLC of DhS 1,000/- each (Pr.Yr. 42) (42 Ordinary Equity Shares sold during the year)	—	558

Schedules

II) CURRENT INVESTMENTS - Non Trade

At lower of cost or fair value

Investments in Mutual Funds Units

1,565,916.558 (Pr. Yr. 5,851,404.776) units of Templeton Floating Rate Income Fund (23,040,803.361 units purchased and 27,326,291.579 units sold during the year)

19,540 70,500

47,562.426 units of Franklin India Prima Fund (47,562.426 units purchased during the year)

2,000 —

146,683.657 units of Franklin India Opportunities Fund (146,683.657 units purchased during the year)

1,596 —

271,399.232 (Pr. Yr. Nil) units Reliance Equity opportunities Fund (1,029,168.798 units purchased and 757,769.566 units sold during the year)

3,000 —

119,273.387 (Pr. Yr. Nil) units of RLF -Treasury plan - Retail Option (119,273.387 units purchased during the year)

2,000 —

500,000 (Pr. Yr. Nil) units of ABN Amro Fixed Term Plan Series 2 Q (500,000 units purchased during the year)

5,000 —

215 (Pr. Yr. Nil) IDFC Bonds (215 Bonds purchased during the year)

49,375 —

793,796 75,503

Aggregate amount of Quoted Investments

825 577

Aggregate amount of Unquoted Investments

710,460 4,426

Aggregate amount of Current Investments

82,511 70,500

793,796 75,503

Aggregate market value of Quoted Investments

1,664 718

Aggregate market value of Current Investments

87,297 71,419

7 SUNDRY DEBTORS (Unsecured)

Debts outstanding over six months

Considered Good

25,992 9,259

Considered Doubtful

1,054 616

27,046 9,875

Other Debts

Considered Good

227,974 172,181

Considered Doubtful

— —

227,974 172,181

255,020 182,056

Less :Provision for Doubtful Debts

1,054 615

253,966 181,441

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

Schedules	(Rs. in 000s)	
	This Year	Previous Year
8 CASH AND BANK BALANCES		
Cash on Hand	2,178	1,267
Balances with Scheduled Banks:		
In Current Accounts	17,602	-
In Fixed Deposit Accounts	388,512	10,766
In Margin Money Account	—	-
	408,292	12,033
9 LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)		
Due from Subsidiary	393	—
Advances Recoverable in cash or kind or for value to be received	140,374	150,798
Advance Tax net of provision for tax Rs. 89,414 thousand (Pr.Yr. 58,601)	9,315	8,246
Balance with Customs and Ports	1,223	395
	151,305	159,439
10 CURRENT LIABILITIES		
Sundry Creditors		
Total Outstanding due to:		
Small Scale Industrial Undertaking	—	—
Others	57,717	77,653
Other Liabilities	169,700	179,610
	227,417	257,263
11 PROVISIONS		
For Proposed Dividend	30,384	—
For Tax on Proposed Dividend	4,261	—
For Retirement Benefits	2,493	1,958
	37,138	1,958
12 MISCELLANEOUS EXPENDITURE		
Preliminary Expenses	1,163	1,390
Less : Written off during the year	288	278
	875	1,112

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

		(Rs. in 000s)	
Schedules		This Year	Previous Year
13	OPERATING INCOME		
	Multimodal Transport Operations	1,999,591	1,939,878
	Container Freight Station	658,727	325,026
	Others	45,912	53,319
		2,704,230	2,318,223
14	OTHER INCOME		
	Interest [Gross of tax deducted at source Rs. 1,794 (Pr.Yr. Rs. 249)]	11,601	1,457
	Profit on sale of Assets	18,717	4
	Profit on sale of Investments	8,209	637
	Dividend	5,890	714
		44,417	2,812
15	MULTIMODAL TRANSPORT OPERATIONS		
	Operating Expenses	1,321,321	1,373,513
	Claims and Compensation	3,490	1,420
	Documentation charges	7,062	8,871
	Break bulk Expenses	155,721	104,749
	Insurance	3,836	2,123
	Import Delivery Order Charges	69,641	54,948
	Air Freight Expenses	13,487	9,564
	Space Reservation Charges	10,987	7,620
	Import Cargo Handling Charges	1,326	64
	Other Import Expenses	102,642	109,220
		1,689,513	1,672,092
16	CONTAINER FREIGHT STATION		
	Power & Fuel	17,904	10,968
	Container Transportation Charges	93,980	54,138
	Equipment Hire Charges	34,557	16,089
	Repairs & Maintenance-Others	8,633	3,359
	Other Expenses	32,897	21,134
		187,971	105,688
17	HIRE AND TRANSPORT		
	Spares Consumed	5,688	7,001
	Fuel Expenses	6,471	10,719
		12,159	17,720
18	EMPLOYEE COST		
	Salaries & Others Benefits	83,574	56,549
	Contribution to Provident & other funds	5,280	4,329
	Gratuity	1,524	832
	Staff Welfare Expenses	12,586	6,630
		102,964	68,340

(Rs. in 000s)

Schedules
19 ADMINISTRATIVE AND SELLING

	This Year	Previous Year
Communication Charges	9,340	8,581
Rent, Rates & Taxes	14,474	12,534
Travelling	27,319	17,219
Power & Fuel	3,050	2,780
Repairs to :		
Building	2,332	1,397
Others	6,435	3,904
Directors Fees	27	17
Professional and Legal Fees	18,050	7,800
Insurance	1,591	1,769
Donations	3,340	3,115
Business Promotion	9,797	5,566
Provision for Doubtful Debts	438	615
Shares Issue Expenses written off	2,314	—
Payment to Auditors:		
For Audit	1,260	733
For Tax Audit	334	70
For Other services	445	187
Other Expenses	28,471	16,055
	129,017	82,342

20 INTEREST

On Fixed Loans	20,121	6,398
On Bank Overdrafts	735	602
On Inter Corporate Deposits	2,311	667
Other Interest	—	—
	23,167	7,667

Schedule 21

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. Statement of Significant Accounting Policies

1. Accounting Conventions :

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India, and the Accounting Standards issued by the Institute of Chartered Accountants of India.

2. Fixed Assets :

- 2.1 Fixed assets are recorded at cost less accumulated depreciation and provision for impairment loss, if any.
- 2.2 Cost includes purchase price, increase/decrease on account of foreign exchange fluctuation in case of imported assets and any attributable cost of bringing asset to its applicable use.
- 2.3 The Company capitalizes interest on the loan utilized for construction of fixed assets for the new projects upto the date of commencement of commercial use.

3. Asset Impairment :

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rate.

4. Depreciation :

- 4.1 Leasehold land is amortised equally over the period of the lease.
- 4.2 Depreciation on fixed assets, other than those costing Rs. 5,000/- or less, is provided on written down value method at the rates specified in Schedule XIV to the Companies Act, 1956.
- 4.3 Fixed assets costing Rs. 5,000/- or less, are fully depreciated in the year of acquisition.

5. Investments :

Long term investments are carried at cost. Provision for diminution, if any, in the value of each long term investment is made to recognise a decline, other than of a temporary nature. The fair value of a long term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investment.

Current investments are carried at lower of cost and fair value.

6. Expenditure during construction period :

Expenditure during construction period is included under Capital Work in Progress and the same is allocated to the respective fixed assets on completion of its construction.

7. Borrowing Cost :

Borrowing costs that are directly attributable to the acquisition /construction of the underlying fixed assets are capitalised as a part of the respective asset, upto the date of acquisition/completion of construction.

8. Miscellaneous Expenses :

Preliminary expenses are amortised over a period of 5 years.

9. Revenue Recognition :

- 9.1 Multimodal Transport Income and Multimodal Transport expenses are arrived at from voyage accounts after considering all relevant collections and expenses on accrual basis to respective voyages.
- 9.2 Income from Container Freight Station operations relating to export containers is accounted on an accrual basis. A Container Freight Station yard charge on Import stuffed containers is accounted to the extent of recoverability from carriers of containers. Import cargo handling charges are accounted on clearance.
- 9.3 Revenue and expenses for sale of abandoned cargo are recognized when auctioned.

10. Employee's Retirement benefit :

- 10.1 Company's contribution to Provident Fund and Family Pension Fund is charged to the Profit and Loss Account on accrual basis.
- 10.2 The Company has created an approved Gratuity Fund for future payment of gratuity to the employees. The Company accounts for gratuity liability on the basis of actuarial valuation.
- 10.3 Leave encashment benefit on retirement, wherever applicable, is determined on the basis of actuarial valuation and such liability is provided in the accounts.

11. Employee Stock Option Plan :

The Accounting value of stock options representing the excess of the market price over the exercise price of the options granted under "Employees Stock Option Scheme" of the Company is amortised on straight-line basis over the vesting period as "Deferred Employees Compensation" in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time.

12. Taxes on Income :

Current tax is the amount of tax payable on the assessable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.

Deffered tax is recognized on timing differences, being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deffered tax assets on unabsorbed tax losses and tax depreciation are recognized only when there is virtual certainty of their realisation and on other items when there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The tax effect is calculated on the accumulated timing differences at the year end based on the tax rate and laws enacted or substantially enacted on the balance sheet date.

13. Foreign Currency Transactions :

Transactions in foreign Currency are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated at the period end exchange rates. Exchange gains/losses are recognised in the Profit and Loss Account except for exchange difference relating to fixed assets acquired from a country outside india which are adjusted in the cost of the asset. Non Monetary foreign currency items like investment in foreign subsidiaries are carried at cost and expressed in indian currency at the rate of exchange prevailing at the time of making the original investment.

14. Leases :

Lease rentals in respect of operating lease arrangements are charged to Profit and Loss Account. Initial direct costs in respect of lease are expensed in the year in which such costs are incurred. Expenditures incurred on improvements to leasehold premises is classified into Capital and Revenue. Capital expenditures are classified under fixed assets and revenue expenditures is debited to Profit and Loss Account.

15. Segment Reporting :

The Accounting Policies adopted for segment reporting are in line with Accounting Policies of the Company. Segment assets include all operating assets used by the business segments and consists principally of fixed assets and current assets. Segment liabilities include the operating liabilities that result from the operating activities of the business. Segment assets and liabilities that cannot be allocated between the segments are shown as part of unallocated corporate assets and liabilities respectively. Income/Expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income / expenses.

II. Notes forming part of Accounts

- 1. Figures in rupees have been rounded off to the nearest thousand.
- 2. The name of the Company had been changed to Allcargo Global Logistics Limited w.e.f. January 17, 2006.
- 3. Contingent Liabilities
 - (i) Guarantees executed by Company's bankers outstanding – Rs. 138,897 thousand. (Pr. Yr. – Rs 34,360 thousand)
 - (ii) Continuity Bond executed in favour of The President of India through the Commissioner of Customs – Rs. 1,000,000 thousand. (Pr. Yr. – Rs. 66,000 thousand)

- (iii) Guarantees issued to Bankers in respect of others Rs. 22,500 thousand. (Pr. Yr. – Rs. 20,000 thousand).
- (iv) In respect of Custom Duty amounting to Rs. 26,269 thousand (Pr. Yr. Rs. 21,395) is payable on Import of equipment under EPCG Scheme, if the Company is not able to fulfill its Export Obligation. Since the Company is confident of fulfilling its Export Obligation within a period of eight years from the date of respective imports totalling to Rs. 210,154 thousand (Pr. Yr. Rs. 171,160) the same has not been provided.
- (v) Income tax authorities demands of Rs. 2,461 thousand is pertaining to Assessment Year 2003-2004 u/s 143(3) of the Income Tax Act, 1961. However the Company has preferred an appeal against the said demand, which the Company is confident of succeeding in the appeal. Hence no provision has been made for the same.
4. In the opinion of the management and to the best of its knowledge and belief, the current assets and loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
5. Issue expenses relating to shares issued under Private Placement have been debited to Securities Premium Account as permitted u/s 78 of the Companies Act, 1956.
6. Segment Reporting
 - (a) Information about Business Segments (Information provided in respect of revenue items for the period ended March 31, 2006 and in respect of assets / liabilities as at March 31, 2006).

(Rs. in 000's)

Particulars	Multimodal Transport Operations		Container Freight Station		Total	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
Revenue						
External	2,088,468	1,995,056	660,179	325,979	2,748,647	2,321,035
Total Revenue	2,088,468	1,995,056	660,179	325,979	2,748,647	2,321,035
Result						
Segment Result before interest and tax	140,594	111,124	423,839	185,066	564,433	296,190
Interest Expense					(23,167)	(7,667)
Profit before Tax					541,266	288,523
Taxes					(46,941)	(39,224)
Profit after Tax					494,325	249,199
Segment assets	1,375,234	506,034	710,710	250,213	2,085,944	756,247
Unallocated Assets					9,315	8,247
Total Assets					2,095,259	764,494
Segment Liabilities	225,233	243,254	39,324	15,967	264,557	259,221
Unallocated Liabilities					235,586	104,484
Total Liabilities					500,143	363,705
Total Costs incurred during the year to acquire						
Segment assets	36,655	122,030	136,562	26,237	173,217	148,267
Segment Depreciation	46,890	62,035	15,412	16,350	62,302	78,385
Non cash expenses other than depreciation					1,973	Nil
Secondary segment – Geographical						
The Company's operating facilities are located only in India						
Domestic Revenues					2,748,647	2,321,035

7. Related Party Disclosures
List of Related parties and Relationships
(A) Relationships:

- (1) Subsidiary Companies : Contech Transport Services Private Ltd.
Allcargo Belgium N.V.
- (2) Joint Venture Company : Transworld Logistics & Shipping Services Inc., U.S.A
- (3) Associate Companies : ECU Line Indian Ocean Island Ltd.
ACM Lines Pty. Ltd.
ECU Line Middle East LLC.
ECU Hold N.V.
- (4) Key Management Personnel : (1) Mr. Shashi Kiran Shetty
(2) Mrs. Arathi Shetty
- (5) Enterprises owned or significantly influenced by its key management personnel or their relatives. : M/s. Allcargo Shipping Services (P) Ltd.
M/s. Avadh Marketing (P) Ltd.
M/s. N.R. Holdings (P) Ltd.
M/s. Trans India Freight (P) Ltd.
M/s. Allcargo Movers (Bombay) (P) Ltd.
M/s. Allnet Infotech (P) Ltd.
M/s. Prominent Estate Holdings (P) Ltd.
M/s. Trans India Freight Services (P) Ltd.
M/s. Jupiter Machines (P) Ltd.
M/s. Sealand Cranes (P) Ltd.
M/s. Alltrans Port Management (P) Ltd.
M/s. Indport Maritime Agencies (P) Ltd.
M/s. Alltrans Logistics (P) Ltd.
M/s. Sealand Holdings (P) Ltd.

B) Details of transactions with above parties:

(Rs. in 000's)

Sr. No.	Transactions	Subsidiary Company	Joint Venture	Associate Concerns	Key Management Personnel	Enterprises owned or significantly influenced by its Key Management Personnel or their relatives
1.	Interest Received	Nil	Nil	Nil	Nil	2,338
2.	Service Charges Received	1,200	Nil	Nil	Nil	Nil
3.	MTO Income	Nil	101,508	25,312	Nil	Nil
4.	Hire & Transport Received	Nil	Nil	Nil	Nil	39,277
5.	Business Service Charges	Nil	Nil	Nil	Nil	900
6.	Rent Paid	Nil	Nil	Nil	1,821	7,328
7.	Remuneration to Directors	Nil	Nil	Nil	7,201	Nil
8.	Car Hire charges	Nil	Nil	Nil	900	Nil
9.	MTO Operation Expenses	2,296	94,513	19,561	Nil	4,894
10.	Fuel Expenses	Nil	Nil	Nil	Nil	26,480
11.	Transportation & Equipment Hire charges	Nil	Nil	Nil	Nil	73,308
12.	Sale of Fixed Assets	Nil	Nil	Nil	Nil	75,470
13.	Advances received	2,143	Nil	Nil	Nil	Nil
14.	Outstanding payables	Nil	Nil	Nil	Nil	3,429
15.	Loans given	Nil	Nil	Nil	Nil	26,900
16.	Outstanding receivables	393	2,879	315	Nil	52,097
17.	Advances paid	2,600	Nil	Nil	Nil	Nil

8. Estimated amount of Contract remaining to be executed on capital account and not provided is approximately Rs. 48,026 thousand (Pr. Yr. Rs. 37,828 thousand).

9. Remuneration paid to the Managing Director

	(Rs. in 000's)	
	This Year	Previous Year
Salary	6,001	6,001
Contribution to Funds	720	720
Value of Perquisites	818	844

Provisions for retirement benefits which are based on actuarial valuation done for the Company as a whole are excluded from the above.

10. As the Company is not engaged in manufacturing, trading or processing activities, quantitative information required by para-3 and 4c of the Part II of Schedule VI to the Companies Act, 1956, is not given.

11. Value of Imports calculated on CIF basis in respect of Capital Goods is Rs 4,016 thousand. (Pr. Yr. Rs. 56,023 thousand)

12. Disclosure for lease

Company's lease agreements are mainly in respect of operating leases taken for offices, residential premises and warehouse. The lease agreements are for a period ranging from eleven months to five years. The lease agreements are cancellable at the option of either party by giving one month to six month's notice. The Company has given refundable interest free security deposits for certain agreements. Certain agreements provide for increase in lease rent. Some of the agreements provide for renewal of lease by mutual consent. lease payments recognised in the Profit and Loss Account are Rs. 11,028 thousand.

The Company has leased out an office premise. The lease rental income recognised in the profit and loss account is Rs. 515 thousand. The Gross value of Leased asset is Rs.19,501 thousand. Accumulated depreciation of the leased asset is Rs.1,313 thousand. The depreciation recognised in the statement of Profit and Loss Account for the period is Rs.198 thousand.

13. Earnings in Foreign Exchange

	(Rs. in 000's)	
	This Year	Previous Year
Dividend	5,605	391
Multimodal Transport Operations	170,255	63,309
Profit on sale of shares	4,750	NIL

14. Expenditure in foreign currency

	This Year	Previous Year
Travelling	11,841	4,147
Other Expenditures	39	35

15. Dividend remitted in foreign currency

	This Year	Previous Year
No. of Non Resident Shareholders	1	NIL
No. of shares held	1,093,485	NIL
Interim Dividend remitted	4,374	NIL

16. Computation of Deferred Tax is as follows:

	This Year	Previous Year
Deferred Tax Liability		
Difference in Block of Assets	11,861	6,526
Deferred Tax Assets:		
Fiscal and other disallowances	1,594	1,244
Deferred Tax Liability (Net)	10,267	5,282

17. Deferred Tax liability of Rs. 7,833 thousand has been provided in the current period pertaining to timing difference on Container Freight Station assets as of March 31, 2005 and the same has been charged to Profit and Loss Account.

18. Earnings Per Share:

	This Year	Previous Year
(a) Net Profit available for Equity Shareholders (Rs. in 000's)	494,325	249,199
(b) Weighted average No. of Equity Shares		
Basic	16,771,088	16,250,000
Stock Options outstanding	47,166	47,166
Diluted	16,818,254	16,297,166
(c) Paid up value per Share (Rs.)	10	10
(d) Earnings Per Share (Rs.)		
Basic	29.47	15.33
Diluted	29.39	15.28

19. Previous year figures are regrouped wherever necessary.

INFORMATION REQUIRED AS PER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I REGISTRATION DETAILS

Registration No. State Code
Balance Sheet date

II CAPITAL RAISED DURING THE YEAR (AMOUNT IN RUPEES)

Public Issue	Rights Issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="0"/>

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RUPEES)

Total liabilities	Total Assets
<input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/>	<input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/>
Source of Funds	
Paid-up Capital	Reserves & Surplus
<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="0"/>	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="0"/>
Secured Loans	Unsecured Loans
<input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="6"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Application of Funds	
Net Fixed	Assets Investment
<input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="5"/>	<input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="4"/>
Net Current Assets	Miscellaneous Expenditure
<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="5"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="0"/>
Accumulated Profit	
<input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="0"/>	

IV PERFORMANCE OF COMPANY

Turnover	Total Expenditure
<input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="9"/>	<input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="7"/>
Profit before Tax	Profit After Tax
<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="2"/>	<input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="9"/>
Earning per Share in Rs.	Dividend Rate %
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="7"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="5"/>

V GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Items Code No. (ITC Code)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
Product Description	<input type="text" value=""/> <input type="text" value="S"/> <input type="text" value="H"/> <input type="text" value="I"/> <input type="text" value="P"/> <input type="text" value="P"/> <input type="text" value="I"/> <input type="text" value="N"/> <input type="text" value="G"/>
Item Code No. (ITC Code)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
Product Description	<input type="text" value=""/> <input type="text" value="S"/> <input type="text" value="H"/> <input type="text" value="I"/> <input type="text" value="P"/> <input type="text" value="P"/> <input type="text" value="I"/> <input type="text" value="N"/> <input type="text" value="G"/>

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES AS ON AND FOR THE YEAR ENDED MARCH 31, 2006.

69

ALLCARGO GLOBAL LOGISTICS LIMITED

1 Name of the Subsidiary company	Contech Transport Services Private Limited	Allcargo Belgium NV
2 Financial year ended on	March 31, 2006	December 31, 2006
3 Number of shares held by Allcargo Global Logistics Limited in subsidiary companies at the end of the financial year of the subsidiary company.		
(a) Equity shares	10000 Equity Shares of Rs. 100/- each	1000 Equity Shares without any face value
(b) Preference shares	Nil	Nil
(c) Extent of equity holding	100%	100%
(d) Extent of preference holding	Nil	Nil
4 Net aggregate amount of profit/(losses) of the subsidiary for the above financial year so far as they concern the members of Allcargo Global Logistics Limited		
(a) Dealt within the accounts of Allcargo Global Logistics Ltd	Nil	Nil
(b) Not Dealt within the accounts of Allcargo Global Logistics Ltd (Rs. in 000's)	247	N.A.
5 Material changes if any between the end of the financial year of the subsidiary and Allcargo Global Logistics Limited		
(a) Fixed assets (Rs. in 000's)	N.A.	15
(b) Investments	N.A.	N.A.
(c) Money lent by	N.A.	N.A.
(d) Money borrowed by it other than for meeting current liabilities	N.A.	N.A.

Notes:

- Allcargo Belgium NV was incorporated on March 23, 2006. It had not commenced any business activity till March 31, 2006.
- Fixed Assets of Allcargo Belgium NV represents pre-operative expenses only.

As per our report of even date

For **Appan & Lokhandwala Associates**
Chartered Accountants

Bhavesh Lokhandwala
Partner
Membership No. 102393

Place : Mumbai
Dated : June 30, 2006

For and on behalf of the Board

Shashi Kiran Shetty
Chairman and Managing Director

Arathi Shetty
Executive Director

Jatin Chokshi
Chief Financial Officer

Yogesh Kolwalkar
Company Secretary

Kaiwan Kalyaniwalla
Keki Elavia } Directors

DIRECTORS' REPORT

To,
The Members of
Contech Transport Services Private Limited

Your Directors have pleasure in presenting their thirteenth Annual Report on the business and operations of your Company and the Audited Statements of Accounts for the year ended March 31, 2006.

FINANCIAL RESULTS

The summarized financial results of your Company for the year ended on March 31, 2006 are as under:

Particulars	Rs. in Million	
	This Year	Previous Year
Gross Income	11.81	1.25
Profit before Depreciation & Tax	0.87	0.59
Depreciation	(0.13)	(0.13)
Profit before tax	0.74	0.46
Provision for tax	(0.28)	(0.18)
Deferred Tax Written Back/ (provided)	0.02	0.03
Profit after tax	0.48	0.31
Balance carried to Balance Sheet	0.25	0.29

DIVIDEND

Due to long term financial commitments of the Company, the Directors are of the view that it would be appropriate to plough back the profits in the business operations of the Company and hence they do not wish to recommend any dividend for the financial year 2005-06.

DIRECTORS

Mr. Adarsh Hegde, Mrs. Susheela Shetty and Mrs. Arathi Shetty are the Directors of the Company. Mrs. Arathi Shetty was appointed as an Additional Director of the Company w.e.f. November 25, 2005.

PARTICULARS OF EMPLOYEES

During the year under report, none of the employees, of the Company was in receipt of remuneration in excess of the limits prescribed for disclosure under Section 217(2A) of the Companies Act, 1956.

AUDITORS

M/s. Appan & Lokhandwala Associates, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting of the Company. They have notified their willingness to accept reappointment and have further confirmed their eligibility under Section 224 of the Companies Act, 1956.

COMPLIANCE CERTIFICATE

As required by proviso to Section 383A of the Companies Act, 1956, the Compliance Certificate from a practicing Company Secretary is forming part of this Report.

STATUTORY INFORMATION

The Company did not have any employees falling within the scope of Sub-section (2A) of Section 217 of the Companies Act, 1956, nor did it accept any deposits from the public during the year.

There were no earnings or outgo of foreign exchange during the year under review. The other requirements pursuant to the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988, do not apply since your Company is not a manufacturing company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006 and of the profit of the Company for the year ended on that date;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors wish to place on record the co-operation and support received from Government and Semi-Government agencies.

The Directors are thankful to all the bankers and investors for their support to the Company. The Board places on record its appreciation of continued support provided by the valued customers, suppliers, equipment vendors, employees and consultants.

For and on behalf of the Board

Date : June 30, 2006
Place : Mumbai

Mrs. Susheela Shetty
Director

Mr. Adarsh Hegde
Director

TO,
THE MEMBERS OF
CONTECHTRANSPORT SERVICES PRIVATE LIMITED,

1. We have audited the attached Balance Sheet of **Contech Transport Services Private Limited** as at March 31, 2006 and also the Profit and Loss Account and Cash Flow Statement of the company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Company is private limited company and falls within the exemption specified under paragraph 2 (iv) of the Companies (Auditor's Report) Order 2003. Hence the matters specified in paragraph 4 and 5 of the said Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956 are not given.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The branch Auditor's reports have been forwarded to us and have been appropriately dealt with while preparing our report;
 - iv. The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
 - v. In our opinion the Balance Sheet, Profit and Loss Account, and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon give the information required by the Companies Act 1956, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2006;
 - (b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of written representations received from the directors of the Company as on March 31, 2006 and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified as on March 31, 2006 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

For **Appan & Lokhandwala Associates**
Chartered Accountants

SP. Palaniappan
Partner

Membership No. 38378

Place : Mumbai
Dated : June 30, 2006

BALANCE SHEET AS AT MARCH 31, 2006

(Rs. in 000's)

	Schedule	This Year	Previous Year
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	1,300	1,300
Reserves and Surplus	2	11,195	10,948
		12,495	12,248
Deferred Tax Liability		167	190
		12,662	12,438
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	1,647	1,647
Less : Depreciation		689	563
Net Block		958	1,084
INVESTMENTS	4	1,500	8,600
CURRENT ASSETS, LOANS AND ADVANCES			
A. Current Assets			
Interest accrued on Investments		543	—
Sundry Debtors	5	545	371
Cash and bank balances	6	733	1,656
B. Loans and Advances	7	10,116	1,712
		11,937	3,739
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	8	1,733	985
		1,733	985
Net Current Assets		10,204	2,754
		12,662	12,438

Significant Accounting Policies and Notes to Accounts 14

As per our report of even date

For **Appan & Lokhandwala Associates**
Chartered Accountants

SP. Palaniappan
Partner
Membership No. 38378

Place : Mumbai
Dated : June 30, 2006

For and on behalf of the Board

Mrs. Susheela Shetty
Director

Mr. Adarsh Hegde
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006

		(Rs. In 000's)	
	Schedule	This Year	Previous Year
INCOME			
Operating Income	9	10,971	—
Other Income	10	839	1,247
		11,810	1,247
EXPENDITURE			
Operating Expenses	11	9,596	44
Administrative and Selling Expenses	12	1,344	122
Interest	13	—	488
Depreciation		126	126
		11,066	780
PROFIT BEFORE TAX		744	467
Provision for Taxation			
Current tax		278	185
Deferred tax		(22)	(33)
		256	152
PROFIT AFTERTAX		488	315
Tax adjustment for earlier years		(210)	(23)
Prior period expenses		(31)	—
Balance Brought Forward from previous year		5,284	4,992
PROFIT AVAILABLE FOR APPROPRIATION		5,531	5,284
APPROPRIATIONS			
Surplus carried forward		5,531	5,284
		5,531	5,284
Basic / Diluted Earnings Per Share		48.88	31.57

Significant Accounting Policies and Notes to Accounts **14**

As per our report of even date

For **Appan & Lokhandwala Associates**
Chartered Accountants**SP. Palaniappan**
Partner
Membership No. 38378Place : Mumbai
Dated : June 30, 2006

For and on behalf of the Board

Mrs. Susheela Shetty
Director**Mr. Adarsh Hegde**
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006

(Rs in 000's)

	This Year	Previous Year
A. Cash Flow from Operating Activities		
Net Profit Before Tax	744	467
Adjustment for:		
Depreciation	126	126
Loss on Sale of Fixed Assets	—	3
Preliminary Expenses written off	—	—
Interest Payments	—	488
Excess Provision of earlier Year I.T. Written Back	—	—
Income Tax Refund	—	—
Foreign exchange loss/(gain)	—	—
Interest Received	(700)	(1,247)
Profit on Sale of Assets	—	—
Profit on Sale of Shares	(139)	—
Provisions for Liabilities	—	—
Dividend	—	—
Prior Period Expenses	—	—
Operating Profit before Working Capital Changes	31	(163)
Adjustment for:		
Increase/Decrease in Trade and Other receivables	(9,143)	13380
Increase/Decrease in Trade Payables and Other liabilities	748	(1,215)
Prior Period Expenses	(31)	—
Direct Taxes Paid	(467)	(246)
Net Cash from Operating Activities	(8,862)	11,756
B. Cash Flow from Investing Activities		
Purchase of Investments	(10,100)	(8,600)
Sale of Investments	17,339	—
Interest Received	700	1,247
Net Cash from Investing Activities	7,939	(7,353)
C. Cash Flow from Financing Activities		
Receipt / Payment of Loans	—	(5,787)
Issue of Share Capital including Premium	—	900
Interest Paid on Loans	—	(488)
Net Cash from Financing Activities	—	(5,375)
Net Increase in Cash and Cash Equivalent (A+B+C)	(923)	(972)
Cash and Cash Equivalent at the beginning of year	1,656	2,628
Cash and Cash Equivalent at the end of the year	733	1,656

As per our report of even date

For **Appan & Lokhandwala Associates**
Chartered Accountants

SP. Palaniappan
Partner
Membership No. 38378

For and on behalf of the Board

Place : Mumbai
Dated : June 30, 2006

Mrs. Susheela Shetty
Director

Mr. Adarsh Hegde
Director

Schedules

(Rs. in 000s)

1 SHARE CAPITAL

Authorised

10000 (Pr.Yr. 10000) Equity shares of Rs. 100 each

1,000 1,000

5000 (Pr.Yr. 5000) 13% Non Cumulative Redeemable
Preference shares of Rs. 100 each

500 500

1,500 1,500

Issued ,Subscribed and Paid up Capital

10000 (Pr.Yr. 10000) Equity Shares of Rs. 100/-each Fully paid up

1,000 1,000

3000 (Pr.Yr. 3000) — 13% Non cumulative Redeemable
Preference shares of Rs. 100 each fully paid up.

300 300

1,300 1,300

Note:10000 equityshares are held by Allcargo Global Logistics Ltd.
the holding company.

2 RESERVES AND SURPLUS

Capital Redemption Reserve

As per last Balance Sheet

300 300

General Reserve

As per last Balance Sheet

5,364 5,364

Profit and Loss Account

5,531 5,284

11,195 10,948

3 FIXED ASSETS

(Rs in 000's)

	Gross Block				Depreciation				Net Block	
	Open- ing	Addi- tions	Deduc- tion/ Adjust- ment	Clos- ing	Open- ing	For the Year	Deduc- tion/ Adjust- ment	Clos- ing	This Year	Previous Year
Vehicles	739	—	—	739	262	70	—	332	407	477
Furniture & Fixtures	788	—	—	788	254	50	—	304	484	533
Office Equipment	120	—	—	120	47	6	—	53	67	74
	1,647	—	—	1,647	563	126	—	689	958	1,084
Previous Year	1,653	—	6	1,647	440	126	3	563	1,084	1,212

(Rs. in 000s)

Schedules

4 INVESTMENTS

Quoted

Current Investments - Non Trade

At lower of cost or fair value

Investments in Mutual Funds Units

1,23,137.545 (Pr.Yr. 7,22,864.112) units of Templeton Floating Rate Growth Income Fund (8,41,474.345 units purchased and 14,41,200.912 units sold during the year)

Aggregate fair value of quoted Investments

1,500	8,600
1,553	8,627

5 SUNDRY DEBTORS(UNSECURED)

Debts outstanding over six months

Considered Good

Considered Doubtful

Other Debts

Considered Good

Considered Doubtful

386	371
—	—
386	371
159	—
—	—
159	—
545	371

6 CASH AND BANK BALANCES

Cash on Hand

Balance with Schedule Banks

In Current Accounts

4	5
729	1,651
733	1,656

7 LOANS AND ADVANCES

(Unsecured considered good unless otherwise stated)

Due from Holding Company

Advance Recoverable in cash or kind or for value to be received

Advance Tax net of provision for tax Rs.1,213 thousand (Pr.Yr. Rs. 724 thousand)

—	173
8,827	228
1,289	1,311
10,116	1,712

8 CURRENT LIABILITIES

Sundry Creditors

Total Outstanding dues to

Small Scale Industrial Undertaking

Others

Due to Holding Company

Other Liabilities

1,046	929
393	—
294	56
1,733	985

		(Rs. in 000s)	
Schedules		This Year	Previous Year
9	OPERATING INCOME		
	Multimodal transport operation	10,971	—
10	OTHER INCOME		
	Interest (Gross of tax deducted at source of Rs.157 thousands (Pr. Yr. Rs. 22 thousands)	700	1,247
	Profit on Sale of Investment	139	—
		839	1,247
11	OPERATING EXPENSES		
	Multimodal Transport operating expenses	4,701	44
	Container Lease Rent	1,184	—
	Slot Expenses	3,711	—
		9,596	44
12	ADMINISTRATIVE AND SELLING EXPENSES		
	Professional & Legal Exp	52	11
	Insurance	—	5
	Business Service Charges	1,200	—
	Payment to Auditors :		
	For Audit	28	17
	For Tax Audit	11	—
	For others	3	—
	Other expenses	50	89
		1,344	122
13	INTEREST		
	Other Interest	—	488

Schedule 14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

79

I. Statement of Significant Accounting Policies

1. Accounting Conventions:

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India, and the Accounting Standards issued by the Institute of Chartered Accountants of India.

2. Fixed Assets:

- 2.1 Fixed assets are recorded at cost less accumulated depreciation and provision for impairment loss, if any.
- 2.2 Cost includes purchase price, increase/decrease on account of foreign exchange fluctuation in case of imported assets and any attributable cost of bringing asset to its applicable use.
- 2.3 The Company capitalizes interest on the loan utilized for construction of fixed assets for the new projects upto the date of commencement of commercial use.

3. Asset Impairment :

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rate.

4. Depreciation:

- 4.1 Leasehold land is amortised equally over the period of the lease.
- 4.2 Depreciation on fixed assets, other than those costing Rs. 5,000/- or less, is provided on Straight Line method at the rates specified in Schedule XIV to the Companies Act, 1956.
- 4.3 Fixed assets costing Rs. 5,000/- or less, are fully depreciated in the year of acquisition.

5. Investments:

Long term investments are carried at cost. Provision for diminution, if any, in the value of each long term investment is made to recognise a decline, other than of a temporary nature. The fair value of a long term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investment.

Current investments are carried at lower of cost and fair value.

6. Expenditure during construction period :

Expenditure during construction period is included under Capital Work in Progress and the same is allocated to the respective fixed assets on completion of its construction.

7. Borrowing Cost :

Borrowing costs that are directly attributable to the acquisition /construction of the underlying fixed assets are capitalised as a part of the respective asset, upto the date of acquisition/completion of construction.

8. Miscellaneous Expenses:

Preliminary expenses are amortised over a period of 5 years.

9. Revenue Recognition:

Multimodal Transport Income and Multimodal Transport expenses are arrived at from voyage accounts after considering all relevant collections and expenses on accrual basis to respective voyages except import cargo handling charges which is accounted on basis of delivery of cargo.

10. Employee's Retirement benefit:

- 10.1 Company's contribution to Provident Fund and Family Pension Fund is charged to the Profit and Loss Account on accrual basis.
- 10.2 The Company has created an approved Gratuity Fund for future payment of gratuity to the employees. The Company accounts for gratuity liability on the basis of actuarial valuation.
- 10.3 Leave encashment benefit on retirement, wherever applicable, is determined on the basis of actuarial valuation and such liability is provided in the accounts.

11. Taxes on Income:

Current tax is the amount of tax payable on the assessable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

Deferred tax is recognized on timing differences, being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on unabsorbed tax losses and tax depreciation are recognized only when there is virtual certainty of their realisation and on other items when there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The tax effect is calculated on the accumulated timing differences at the year end based on the tax rate and laws enacted or substantially enacted on the balance sheet date.

12. Foreign Currency Transactions:

Transactions in foreign Currency are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated at the period end exchange rates. Exchange gains/losses are recognised in the Profit and Loss Account except for exchange difference relating to fixed assets acquired from a country outside india which are adjusted in the cost of the asset. Non Monetary foreign currency items like investment in foreign subsidiaries are carried at cost and expressed in indian currency at the rate of exchange prevailing at the time of making the original investment.

13. Leases:

Lease rentals in respect of operating lease arrangements are charged to Profit and Loss Account. Initial direct costs in respect of lease are expensed in the year in which such costs are incurred. Expenditures incurred on improvements to leasehold premises is classified into Capital and Revenue. Capital expenditures are classified under fixed assets and revenue expenditures is debited to Profit and Loss Account.

II. Notes forming part of Accounts

1. Figures in rupees have been rounded off to the nearest thousand.
2. The Company has commenced its Non-Vessel Operating Common Carrier activities from April 1, 2005 and thus the previous year figures are not comparable.
3. 3,000, 13% Non Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up are to be redeemed on or before the expiry of 20 years from the date of issue i.e March 23, 1999 at the option of Board of Directors for cash or shares.
4. In the opinion of the management and to the best of its knowledge and belief, the current assets and Loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
5. There being only one segment of operation during the period, segment reporting is not applicable.

6. Related Party Disclosures

List of Related parties and Relationships:

A) Relationships :

- | | | |
|-----------------------------|---|-----------------------------------|
| 1) Holding company | : | Allcargo Global Logistics Limited |
| 2) Key Management Personnel | : | 1) Mrs. Susheela Shetty |
| | | 2) Mr. Adarsh Hegde |

B) Transactions with Related Parties:

(Rupees in 000's)

Sr. No.	Particulars	Holding Company	Key Management Personnel
1	Service Charges Paid	1,200	Nil
2	MTO Operating Income	2,296	Nil
3	Advances received	2,600	Nil
4	Outstanding payables	393	Nil
5	Advances paid	2,143	Nil

7. As the company is not engaged in manufacturing, trading or processing activities, Quantitative information required by para-3 and 4c of the Part II of Schedule VI to the Companies Act, 1956, is not given.

	(Rs. in 000's)	
	This Year	Previous Year
8. Expenditure in foreign currency		
Operational Expenditures	913	—
9. Calculation of Deferred Tax is as follows		
Deferred Tax Liability		
Difference in Block of Assets	167	190
Deferred Tax Liability (Net)	167	190
10. Earning Per Share		
Net Profit as per Profit & Loss Account (Rs. in 000' s)	489	316
Number of Equity Share outstanding	10,000	10,000
Paid-up Value per Share (Rs.)	100	100
Earning per share (Rs.)	48.88	31.57

11. Previous year figures are regrouped / rearranged, wherever necessary.

To
The Members
Allcargo Belgium, NV

Your Directors have the pleasure in presenting their first report on the performance of the Company for the year ended March 31, 2006.

PRINCIPAL ACTIVITIES

Your Company has been incorporated in Belgium as an investment company as per the laws of Belgium in March 2006. Your Company has acquired 50.01% equity stake in ECU Hold NV, a second largest Non Vessel Owning Common Carrier having its presence across the world.

OPERATIONS

In view of your Company being incorporated only in the month of March 2006, it has not yet started operational activities.

DIRECTORS

Mr. Shashi Kiran Shetty and Mr. M. P. Bansal are the Directors of your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006 and of the profit of the Company for the year ended on that date;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors wish to place on record the co-operation and support received from Government of India, Government of Belgium and Reserve Bank of India.

The Directors are thankful to all the bankers and investors for their support to the Company.

For and on behalf of the Board

Place : Mumbai
Date : August 16, 2006

Mr. Shashi Kiran Shetty
Director

Mr. M. P. Bansal
Director

BALANCE SHEET AS AT MARCH 31, 2006

	(Rs in '000)
SOURCES OF FUNDS	This Year
SHAREHOLDERS' FUNDS	
Share Capital	3,341
Reserves and Surplus	—
	3,341
APPLICATION OF FUNDS	
FIXED ASSETS	
Gross Block	—
Less : Depreciation	—
Net Block	—
Pre-operative expenses	15
	15
CURRENT ASSETS, LOANS AND ADVANCES	
Current Assets	
Sundry Debtors	—
Cash and Bank Balances	3,341
	3,341
CURRENT LIABILITIES AND PROVISIONS	
A. Current Liabilities	78
B. Provisions	—
	78
NET CURRENT ASSETS	3,263
Miscellaneous Expenses	63
(to the extent not written off or adjusted)	
	3,341

Notes:

1. The Company was incorporated on March 23, 2006; hence previous year figures have not been given.
2. The Company has not commenced any business activity; hence Profit and Loss Account has not been prepared.
3. The Rupee equivalent of Euro has been given at the closing exchange rate as on March 31, 2006

Place : Mumbai
Date : August 16, 2006

Mr. Shashi Kiran Shetty
Director

Mr. M. P. Bansal
Director

To
The Members of **Allcargo Global Logistics Limited**

1. We have audited the attached Consolidated Balance Sheet of **Allcargo Global Logistics Limited** (the 'Company') and its subsidiaries as at March 31, 2006, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. These consolidated financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Allcargo Belgium N.V., whose unaudited financial statements reflect total assets of Rs.3,341 thousand and this subsidiary has been consolidated on the basis of such unaudited financial statements.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated financial statements, issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of Allcargo Global Logistics Limited and its subsidiaries included in the consolidated financial statements, other than the subsidiary referred in point 3 above, which have been consolidated on the basis of unaudited financial statements.
5. On the basis of information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Allcargo Global Logistics Limited and its subsidiaries, other than the subsidiary referred to in point 3 above which have been consolidated on the basis of unaudited financial statements, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at March 31, 2006;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated profits of the Company and its subsidiaries for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

For Appan & Lokhandwala Associates
Chartered Accountant

Bhavesh Lokhandwala
Partner
Membership No.102393

Place : Mumbai
Dated : June 30, 2006

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2006

	Schedule	(Rs. in 000's)
SOURCES OF FUNDS		This Year
SHAREHOLDERS' FUNDS		
Share Capital	1	182,068
Employee Stock Options Outstanding	2	1,973
Reserves & Surplus	3	1,421,469
		1,605,510
LOAN FUNDS		
Secured Loans	4	225,321
Deferred Tax Liability (Net)		10,434
		1,841,265
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	5	497,977
Less : Depreciation		133,526
Net Block		364,451
Capital Work in Progress		120,375
		484,826
INVESTMENTS	6	789,854
CURRENT ASSETS, LOANS AND ADVANCES		
A. Current Assets		
Interest Accrued on Investment		3,716
Sundry Debtors	7	254,511
Cash & Bank Balances	8	412,366
B. Loans & Advances	9	161,029
		831,622
CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities	10	228,836
B. Provisions	11	37,138
		265,974
NET CURRENT ASSETS		565,648
Miscellaneous Expenditure (To the extent not written off or adjusted)	12	937
		1,841,265
Significant Accounting Policies and Notes to the Accounts	21	

As per our report of even date

For **Appan & Lokhandwala Associates**
Chartered Accountants**Bhavesh Lokhandwala**
Partner
Membership No : 102393Place : Mumbai
Dated : June 30, 2006**Jatin Chokshi**
Chief Financial Officer**Yogesh Kolwalkar**
Company Secretary

For and on behalf of the Board

Shashi Kiran Shetty
Chairman and Managing Director**Arathi Shetty**
Executive Director**Kaiwan Kalyaniwalla**
Keki Elavia } Directors

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006

(Rs. in 000's)

	Schedule	This Year
INCOME		
Operating Income	13	2,711,704
Other Income	14	45,257
		2,756,961
EXPENDITURE		
Multimodal Transport Operations	15	1,696,813
Container Freight Station	16	187,971
Hire and Transport	17	12,159
Employee Cost	18	102,964
Administrative and Selling	19	129,161
Interest	20	23,167
Depreciation	5	62,428
Preliminary Expenses written off		288
		2,214,951
PROFIT BEFORE TAX		542,010
Provision For Taxation		
Current Tax		46,953
Deferred Tax		(2,871)
Wealth Tax		70
Fringe Benefit Tax		3,045
		47,197
PROFIT AFTER TAX		494,813
Tax Adjustment for earlier years		(7,922)
Prior Period Expenses		(413)
PROFIT BEFORE MINORITY INTEREST		486,478
Profit attributable to Minority Interest		(62)
PROFIT AFTER MINORITY INTEREST		486,416
Balance brought forward from Previous Year		195,759
PROFIT AVAILABLE FOR APPROPRIATION		682,175
APPROPRIATIONS:		
Interim Dividend Paid		72,707
Tax on Interim Dividend		10,197
Proposed Dividend		30,384
Tax on Proposed Dividend		4,262
General Reserve		300,000
Surplus carried forward		264,625
		682,175
Earnings Per Share (Rs.)		
Basic EPS		29.00
Diluted EPS		28.92

Significant Accounting Policies and Notes on Accounts

21

As per our report of even date

For **Appan & Lokhandwala Associates**
Chartered Accountants

Bhavesh Lokhandwala
Partner
Membership No : 102393

Place : Mumbai
Dated : June 30, 2006

For and on behalf of the Board

Shashi Kiran Shetty
Chairman and Managing Director

Arathi Shetty
Executive Director

Jatin Chokshi
Chief Financial Officer

Yogesh Kolwalkar
Company Secretary

Kaiwan Kalyaniwalla
Keki Elavia } Directors

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006

ANNUAL REPORT 2005-06 88

	(Rs. in 000s)
A. Cash Flow from Operating Activities	This Year
Net Profit Before Tax	542,010
Adjustment for:	
Depreciation	62,428
Loss on Sale of Fixed Assets	5,431
Preliminary Expenses written off	288
Interest Payments	22,432
Employees compensation expenses	1,973
Foreign exchange loss/(gain)	(2,614)
Interest Received	(12,302)
Profit on Sale of Assets	(18,717)
Profit on Sale of Shares	(8,348)
Provisions for Liabilities	1,335
Dividend	(5,890)
Operating Profit before Working Capital changes	588,026
Adjustment for:	
Increase/Decrease in Trade and Other receivables	(71,814)
Increase/Decrease in Trade Payables and Other liabilities	(30,212)
Direct Taxes Paid	(51,026)
Prior Period Expenses	(849)
Net Cash from Operating Activities	434,125
B. Cash Flow from Investing Activities	
Purchase of Fixed Assets (Including Capital Advances)	(276,353)
Purchase of Investments	(1,087,041)
Sale of Investments	387,470
Sale of Fixed Assets	77,876
Exchange fluctuation reserve	67
Interest Received	12,302
Dividend	5,890
Net Cash from Investing Activities	(879,789)
C. Cash Flow from Financing Activities	
Receipt / Payment of Loans	126,119
Refund of Share Application Money	(10)
Preliminary Expenses Incurred	(9,370)
Interim Dividend	(72,707)
Tax on Interim Dividend	(10,197)
Issue of Share Capital including Premium	832,939
Interest Paid on Loans	(22,432)
Net Cash from Financing Activities	844,342
Net Increase in Cash and Cash Equivalent (A+B+C)	398,678
Cash and Cash Equivalent at the beginning of year	13,688
Cash and Cash Equivalent at the end of the year	412,366

As per our report of even date

For **Appan & Lokhandwala Associates**
Chartered Accountants

Bhavesh Lokhandwala
Partner
Membership No : 102393

Place : Mumbai
Dated : June 30, 2006

For and on behalf of the Board

Shashi Kiran Shetty
Chairman and Managing Director

Arathi Shetty
Executive Director

Jatin Chokshi
Chief Financial Officer

Yogesh Kolwalkar
Company Secretary

Kaiwan Kalyaniwalla
Keki Elavia } Directors

**CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2006**

(Rs. in 000s)

Schedules

I SHARE CAPITAL

Authorised

21,000,000 Equity shares of Rs. 10/- each

210,000

3,000,13% Non-cumulative Redeemable Preference Shares of Rs.100/- each

300

210,300

Issued, Subscribed and Paid up Capital

18,176,845 Equity shares of Rs.10/- each

181,768

(Of the above 16,211,369 shares are allotted as fully paid up bonus shares by capitalisation of general reserves.)

3,000,13% Non-cumulative Redeemable Preference Shares of Rs.100/- each fully paid-up

300

182,068

2 EMPLOYEES STOCK OPTIONS OUTSTANDING

Employee Stock Options Outstanding

24,872

Less : Deferred Employee Compensation Expenses

22,899

1,973

3 RESERVES AND SURPLUS

Equity Share Premium Account

808,648

General Reserve

338,286

Exchange Fluctuation Reserve

67

Capital Redemption Reserve

300

Capital Reserve

9,543

Profit and Loss Account

264,625

1,421,469

4 LOAN FUNDS

Secured Loans

From Banks:

(Secured by Mortgage of Assets and Hypothecation of Vehicles / Equipments. Secured loan of Rs. 457,717 thousand (Repayable within a year Rs. 170,953 thousand)

225,321

(Rs. in 000s)

91

Schedules

6 INVESTMENTS

(I) Long Term Investments

At Cost

In Fully Paid-up-Equity Shares

Quoted – Non Trade

486 Equity Shares of Suzlon Energy Ltd. of Rs. 10/- each **248**

(486 Equity Shares purchased during the year)

283 Equity Shares of Punjab National Bank Ltd of Rs. 10/- each **110**

6,703 Equity Shares of National Thermal Power Corporation Ltd.
of Rs. 10/- each **416**

5,000 Equity Shares of Inertia Industries Ltd of Rs. 10/- each **51**

Unquoted – Non Trade

10,000 Equity Shares of Magic Trading Co. Ltd. of Rs. 10/- each **100**

2,500 Equity Shares of Allsoft Corporation Ltd. of Rs. 10/- each **83**

Unquoted –Trade

In Associate Companies

202 Ordinary Shares of Ecu Line Indian Ocean Island Ltd.
of MRS. 1,000/- each **334**

50,000 Ordinary Shares of ACM Lines Pty. Ltd. of SR. 1/- each **263**

90 Ordinary Shares of Transworld Logistics and Shipping Services Inc.
of US \$ 500 each **2,187**

80,272 Class 'B' Ordinary Shares of Ecu Hold N.V. **702,050**

(80,272 Class 'B' Ordinary Shares purchased during the year)

In Others

10 Equity Shares of Alltrans Port Management Pvt. Ltd. of Rs. 100/- each **1**

(II) Current Investments – Non Trade

At lower of cost or fair value

Investments in Mutual Funds Units

1,689,054.103 units of Templeton Floating Rate Income Fund **21,040**
(23,882,277.706 units purchased and 28,767,492.491
units sold during the year)

47,562.426 units of Franklin India Prima Fund **2,000**
(47,562.426 units purchased during the year)

146,683.657 units of Franklin India Opportunities Fund **1,596**
(146,683.657 units purchased during the year)

271,399.232 units Reliance Equity opportunities Fund
(1,029,168.798 units purchased and 757,769.566 units sold during
the year) **3,000**

119,273.387 units of RLF -Treasury plan -Retail Option
(119,273.387 units purchased during the year) **2,000**

500,000 units of ABN Amro Fixed Term Plan Series 2 Q **5,000**
(500,000 units purchased during the year)

215 IDFC Bonds **49,375**

(215 Bonds purchased during the year)

789,854

Aggregate amount of Quoted Investments **825**

Aggregate amount of Unquoted Investments **705,018**

Aggregate amount of Current Investments **84,011**

789,854

Aggregate market value of Quoted Investments **1,664**

Aggregate market value of Current Investments **88,850**

**CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2006**

		(Rs. in 000s)
Schedules		This Year
7	SUNDRY DEBTORS (Unsecured)	
	Debts outstanding over six months	
	Considered Good	26,378
	Considered Doubtful	1,054
		27,432
	Other Debts	
	Considered Good	228,133
	Considered Doubtful	—
		228,133
		255,565
	Less: Provision for Doubtful Debts	1,054
		254,511
8	CASH AND BANK BALANCES	
	Cash on Hand	2,183
	Balances with Scheduled Banks:	
	In Current Accounts	21,671
	In Fixed Deposit Accounts	388,512
	In Margin Money Account	
		412,366
9	LOANS AND ADVANCES	
	(Unsecured, considered good unless otherwise stated)	
	Advances Recoverable in cash or kind or	149,187
	for value to be received	—
	Advance Tax net of provision for tax Rs. 90627 thousands	10,604
	Balance with Customs and Ports	1,238
		161,029
10	CURRENT LIABILITIES	
	Sundry Creditors	
	Total Outstanding due to:	
	Small Scale Industrial Undertaking	—
	Others	58,764
	Other Liabilities	170,072
		228,836
11	PROVISION	
	For Proposed Dividend	30,384
	For Tax on Proposed Dividend	4,261
	For Retirement Benefits	2,493
		37,138
12	MISCELLANEOUS EXPENDITURE	
	Preliminary Expenses	1,241
	Less : Written off during the year	304
		937

Schedules

13 OPERATING INCOME

Multimodal Transport Operations	2,008,265
Contanier Freight Station	658,727
Others	44,712
	2,711,704

14 OTHER INCOME

Interest (Gross of tax deducted at source Rs. 1950 thousand)	12,302
Profit on sale of Assets	18,717
Profit on sale of Investments	8,348
Dividend	5,890
	45,257

15 MULTIMODAL TRANSPORT OPERATIONS

Operating Expenses	1,328,445
Claims and Compensation	3,490
Documentation charges	7,062
Break bulk Expenses	155,720
Insurance	3,848
Import Delivery Order Charges	69,641
Air Freight Expenses	13,487
Space Reservation Charges	11,152
Import Cargo Handling Charges	1,326
Other Import Expenses	102,642
	1,696,813

16 CONTAINER FREIGHT STATION

Power & Fuel	17,904
Container Transportation Charges	93,980
Equipment Hire Charges	34,557
Repairs & Maintenance-Others	8,633
Others Expenses	32,897
	187,971

17 HIRE AND TRANSPORT

Spares Consumed	5,688
Fuel Expenses	6,471
	12,159

(Rs. in 000s)

This Year

**CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2006**

		(Rs. in 000s)
Schedules		This Year
18	EMPLOYEE COST	
	Salaries & Others Benefits	83,574
	Contribution to Provident & others funds	5,280
	Gratuity	1,524
	Staff Welfare Expenses	12,586
		102,964
19	ADMINISTRATIVE AND SELLING	
	Communication Charges	9,340
	Rent, Rates & Taxes	14,474
	Travelling	27,319
	Power & Fuel	3,050
	Repairs to :	
	Building	2,332
	Others	6,435
	Directors Fees	27
	Professional and Legal Fees	18,102
	Insurance	1,591
	Donations	3,340
	Business Promotion	9,797
	Provision for Doubtful Debts	438
	Shares Issue Expenses written off	2,314
	Payment to Auditors :	
	For Audit	1,288
	For Tax Audit	345
	For Other services	448
	Others Expenses	28,521
		129,161
20	INTEREST	
	On debentures & Fixed Loans	20,121
	On Bank Overdrafts	735
	On Inter Corporate Deposits	2,311
		23,167

Schedule 21

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. Statement of Significant Accounting Policies

1. Accounting Conventions :

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India, and the Accounting Standards issued by the Institute of Chartered Accountants of India.

2. Fixed Assets :

- 2.1 Fixed assets are recorded at cost less accumulated depreciation and provision for impairment loss, if any.
- 2.2 Cost includes purchase price, increase/decrease on account of foreign exchange fluctuation in case of imported assets and any attributable cost of bringing asset to its applicable use.
- 2.3 The Company capitalizes interest on the loan utilized for construction of fixed assets for the new projects upto the date of commencement of commercial use.

3. Asset Impairment :

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rate.

4. Depreciation :

- 4.1 Leasehold land is amortised equally over the period of the lease.
- 4.2 Depreciation on fixed assets, other than those costing Rs. 5,000/- or less, is provided on written down value method except for Contech Transport Services Private Limited, at the rates specified in Schedule XIV to the Companies Act, 1956.
- 4.3 Fixed assets costing Rs. 5,000/- or less, are fully depreciated in the year of acquisition.

5. Investments :

Long term investments are carried at cost. Provision for diminution, if any, in the value of each long term investment is made to recognise a decline, other than of a temporary nature. The fair value of a long term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investment.

Current investments are carried at lower of cost and fair value.

6. Expenditure during construction period :

Expenditure during construction period is included under Capital Work in Progress and the same is allocated to the respective fixed assets on completion of its construction.

7. Borrowing Cost :

Borrowing costs that are directly attributable to the acquisition /construction of the underlying fixed assets are capitalised as a part of the respective asset, upto the date of acquisition/completion of construction.

8. Miscellaneous Expenses :

Preliminary expenses are amortised over a period of 5 years.

9. Revenue Recognition :

- 9.1 Multimodal Transport Income and Multimodal Transport Expenses are arrived at from voyage accounts after considering all relevant collections and expenses on accrual basis to respective voyages.
- 9.2 Income from Container Freight Station operations relating to export containers is accounted on an accrual basis. A Container Freight Station yard charge on Import stuffed containers is accounted to the extent of recoverability from carriers of containers. Import cargo handling charges are accounted on clearance.
- 9.3 Revenue and expenses for sale of abandoned cargo are recognized when auctioned.

10. Employee's Retirement benefit :

- 10.1 Company's contribution to Provident Fund and Family Pension Fund is charged to the Profit and Loss Account on accrual basis.
- 10.2 The Company has created an approved Gratuity Fund for future payment of gratuity to the employees. The Company accounts for gratuity liability on the basis of actuarial valuation.
- 10.3 Leave encashment benefit on retirement, wherever applicable, is determined on the basis of actuarial valuation and such liability is provided in the accounts.

11. Employee Stock Option Plan :

The Accounting value of stock options representing the excess of the market price over the exercise price of the options granted under "Employees Stock Option Scheme" of the Company is amortised on straight line basis over the vesting period as "Deferred Employees Compensation" in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time.

12. Taxes on Income :

Current tax is the amount of tax payable on the assessable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing differences, being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on unabsorbed tax losses and tax depreciation are recognized only when there is virtual certainty of their realisation and on other items when there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The tax effect is calculated on the accumulated timing differences at the year end based on the tax rate and laws enacted or substantially enacted on the balance sheet date.

13. Foreign Currency Transactions :

Transactions in foreign Currency are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated at the period end exchange rates. Exchange gains/losses are recognised in the Profit and Loss Account except for exchange difference relating to fixed assets acquired from a country outside india which are adjusted in the cost of the asset. Non Monetary foreign currency items like investment in foreign subsidiaries are carried at cost and expressed in indian currency at the rate of exchange prevailing at the time of making the original investment.

14. Leases :

Lease rentals in respect of operating lease arrangements are charged to Profit and Loss Account. Initial direct costs in respect of lease are expensed in the year in which such costs are incurred. Expenditures incurred on improvements to leasehold premises is classified into Capital and Revenue. Capital expenditures are classified under Fixed assets and Revenue expenditures is debited to Profit and Loss Account.

15. Segment Reporting :

The Accounting Policies adopted for segment reporting are in line with Accounting Policies of the Company. Segment assets include all operating assets used by the business segments and consists principally of fixed assets and current assets. Segment liabilities include the operating liabilities that result from the operating activities of the business. Segment assets and liabilities that cannot be allocated between the segments are shown as part of unallocated corporate assets and liabilities respectively. Income/Expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income / expenses.

2. Notes forming part of Accounts

1. Principles of Consolidation

The consolidated financial statements relate to Allcargo Global Logistics Limited and its subsidiary companies. The consolidated financial statements have been prepared on the following basis :

- a. The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis, and intra group balances, intra group transactions and unrealised profits or losses are fully eliminated.
- b. In case of foreign subsidiary, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.

- c. The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
 - d. Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
 - e. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements except in the case of Contech Transport Services Pvt. Ltd., a subsidiary where the accounting policy regarding the method of depreciation is not in consonance with the group accounting policy. No effect has been given in the consolidated financial statements on account of such differing accounting policy, where the impact is not expected to be material.
2. The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2006.

3. Information on subsidiaries:

Sr. No.	Name of the Company	Country of Incorporation	Percentage of Holding
1	Contech Transport Services Pvt. Ltd.	India	100%
2	Allcargo Belgium N.V.	Belgium	100%

4. The financial statements of Joint Ventures and Associates are not considered in the consolidated financial statements as their state of affairs as at the year end and results of operation for the period are not material in relation to the consolidated financial statements.
5. As the consolidated financial statements are presented on the first occasion, comparative figures of previous year is not given.
6. Figures in rupees have been rounded off to the nearest thousand.
7. The name of the Holding Company has been changed to Allcargo Global Logistics Ltd w.e.f January 17, 2006.
8. The Subsidiary company, Contech Transport Services Pvt Ltd has commenced its NVOCC activities from April 1, 2005 and the foreign subsidiary Allcargo Belgium was incorporated on March 23,2006, but has not commenced its business activities.
8. In respect of the Subsidiary company, 3000 , 13% Non Cumulative Redeemable Preference Shares of Rs. 100 each fully paid up are to be redeemed on or before the expiry of 20 years from the date of issue i.e. March 23, 1999 at the option of Board of Directors for cash or shares.
9. Capital reserve of Rs. 9,583 thousand has arisen on the acquisition of 90% of the equity shares of M/s.Contech Transport Services Pvt. Ltd., a subsidiary company. Also Goodwill of Rs. 41 thousand has arisen on further acquisition of 10% of the equity shares of the subsidiary company and the same has been setoff against the Capital reserve.
10. Contingent Liabilities
 - (i) Guarantees executed by company's bankers outstanding – Rs.138,897 thousand.
 - (ii) Continuity Bond executed in favour of The President of India through the Commissioner of Customs – Rs.1,000,000 thousand.
 - (iii) Guarantees issued to Bankers in respect of others Rs. 22,500 thousand.
 - (iv) In respect of Custom Duty amounting to Rs. 26,269 thousand relating to the Holding Company payable on import of equipment under EPCG Scheme if the Holding Company is not able to fulfill its Export Obligation. Since the Holding Company is confident of fulfilling its Export Obligation within a period of Eight Years from the date of respective imports totaling to Rs 210,154 thousand the same has not been provided.
 - (v) Income tax authorities demands of Rs 2,461 thousand pertaining to Assessment Year 2003-2004 u/s 143(3) of the Income Tax Act, 1961. However the company has preferred an appeal against the said demand, which the company is confident of succeeding in the appeal. Hence no provision has been made for the same.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

11. In the opinion of the management and to the best of its knowledge and belief, the current assets and loans and advances have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet.
12. Issue expenses relating to shares issued under Private Placement have been debited to Securities Premium Account as permitted u/s 78 of the Companies Act, 1956.
13. Segment Reporting
 - (a) Information about Business Segments (Information provided in respect of revenue items for the period ended March 31, 2006 and in respect of assets / liabilities as at March 31, 2006).

(Rs. in '000)

Particulars	Multimodal Transport Operations This Year	Container Freight Station This Year	Total This Year
Revenue			
External	2,096,781	660,180	2,756,961
Total Revenue	2,096,781	660,180	2,756,961
Result			
Segment Result before interest and tax	141,338	423,839	565,177
Operating Profit (PBIT)			565,177
Interest Expense			(23,167)
Profit before Tax			542,010
Taxes			(47,197)
Profit after Tax			494,813
Segment assets	1,382,506	710,710	2,093,216
Unallocated Assets			14,022
Total Assets			2,107,238
Segment Liabilities	226,572	39,324	265,896
Unallocated Liabilities			235,833
Total Liabilities			501,729
Costs incurred during the year			
Segment assets	36,656	136,562	173,218
Segment Depreciation	47,015	15,412	62,427
Non cash expenses other than depreciation			1,973
Secondary segment – Geographical			
Domestic Revenues			2,756,961

14. RELATED PARTY DISCLOSURES

List of Related Parties and Relationships:

(A) Relationships:

- | | | |
|------------------------------|---|--|
| (1) Joint Venture Company | : | Transworld Logistics & Shipping Services Inc., U.S.A |
| (2) Associated Companies | : | ECU Line Indian Ocean Island Ltd.
ACM Lines Pty. Ltd.
ECU Line Middle East L.L.C.
ECU Hold N.V. |
| (3) Key Management Personnel | : | (1) Mr. Shashi Kiran Shetty
(2) Mrs. Arathi Shetty
(3) Mr. Adarsh Hegde
(4) Mrs. Susheela Shetty
(5) Mr. Mohinder Pal Bansal |

- 4) Enterprises owned or significantly influenced by its key management personnel or their relatives.
- : M/s. Allcargo Shipping Services (P) Ltd.
M/s. Avadh Marketing (P) Ltd.
M/s. N.R. Holdings (P) Ltd.
M/s. Trans India Freight (P) Ltd.
M/s. Allcargo Movers (Bombay) (P) Ltd.
M/s. Allnet Infotech (P) Ltd.
M/s. Prominent Estate Holdings (P) Ltd.
M/s. Trans India Freight Services (P) Ltd .
M/s. Jupiter Machines (P) Ltd.
M/s. Sealand Cranes (P) Ltd.
M/s. Alltrans Port Management (P) Ltd.
M/s. Indport Maritime Agencies (P) Ltd.
M/s. Alltrans Logistics (P) Ltd.
M/s. Sealand Holdings (P) Ltd.

(B) Transactions with Related Parties:

(Rs. in '000)

Sr. No.	Transactions	Joint Venture	Associate Concerns	Enterprises significantly influenced by Personnel & their relatives	Key Management Personnel
1	Interest Received	Nil	Nil	2338	Nil
2	Service Charges Received	Nil	Nil	Nil	Nil
3	MTO Income	101508	25312	Nil	Nil
4	Hire & Transport Received	Nil	Nil	39277	Nil
5	Business Service Charges	Nil	Nil	900	Nil
6	Rent Paid	Nil	Nil	7328	1821
7	Remuneration to Directors	Nil	Nil	Nil	7201
8	Car Hire charges	Nil	Nil	Nil	900
9	MTO Operation Expenses	94513	19561	4894	Nil
10	Fuel Expenses	Nil	Nil	26480	Nil
11	Transportation & Equipment Hire charges	Nil	Nil	73308	Nil
12	Sale of Fixed Assets	Nil	Nil	75470	Nil
13	Advances received	Nil	Nil	Nil	Nil
14	Outstanding payables	Nil	Nil	3429	Nil
15	Loans given	Nil	Nil	26900	Nil
16	Outstanding receivables	2879	315	52097	Nil
17	Advances paid	Nil	Nil	Nil	Nil

15. Estimated amount of Contract remaining to be executed on capital account and not provided for Rs. 48,026 thousand.

16. Remuneration paid to Managing Director

(Rs. in '000)

Salary

6,001

Contribution to Funds

720

Value of Perquisites

818

Provisions for retirement benefits which are based on actuarial valuation done for the company as a whole are excluded from the above.

17. Disclosure for lease

Company's lease agreements are mainly in respect of operating leases taken for offices, residential premises and warehouse. The lease agreements are for a period ranging from eleven months to five years. The lease agreements are cancellable at the option of either party by giving one month to six month's notice. The Company has given refundable interest free security deposit for certain agreements. Certain agreements provide for increase in Lease rent. Some of the agreements provide for renewal of lease by mutual consent. Lease payments recognised in the Profit and Loss Account are Rs. 11,028 thousand.

The Company has leased out an office premises. The lease rental income recognised in the Profit and Loss Account is Rs. 515 thousand. Gross value of Leased asset is Rs. 19,501 thousand. Accumulated depreciation of the Leased Asset is Rs. 1,313 thousand. The depreciation recognised in the statement of Profit and Loss account for the period is Rs. 198 thousand.

18. Computation of Deferred Tax:

(Rs. in '000)

	This Year
Deferred Tax Liability	
Difference in Block of Assets	12,028
Deferred Tax Assets:	
Fiscal and other disallowances	1,594
Deferred Tax Liability (Net)	10,434

19. Deferred Tax liability of Rs. 7,833 thousand has been provided in the current period pertaining to timing difference on Container Freight Station assets as of March 31, 2005 and the same has been charged to Profit and Loss Account.

20. Earnings Per Share:

	This Year
(a) Net Profit available for Equity Shareholders (Rs. in '000)	486,416
(b) Weighted average No. of Equity Shares	
Basic	16,771,088
Stock options outstanding	47,166
Diluted	16,818,254
(c) Paid up value per Share (Rs.)	10/-
(d) Earnings Per Share (Rs.)	
Basic	29.00
Diluted	28.92



Our Core Management Team



Allcargo Global Logistics Limited, Diamond Square, 5th Floor, CST Road, Kalina, Santacruz (E), Mumbai 400 098, India

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